

SHAMONG TOWNSHIP SCHOOL DISTRICT

Shamong, New Jersey
County of Burlington

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHAMONG TOWNSHIP SCHOOL DISTRICT

SHAMONG, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

November 1, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Shamong Township School District for the fiscal year ended June 30, 2017, 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 Shamong Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

REPORTING ENTITY AND ITS SERVICES

The Shamong Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School 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 for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	774	-0.13%
2015-2016	775	-3.85%
2014-2015	806	-3.36%
2013-2014	834	-7.54%
2012-2013	902	-0.66%
2011-2012	908	-1.20%
2010-2011	919	-1.82%
2009-2010	936	-0.74%
2008-2009	943	0.21%
2007-2008	941	0.00%

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.

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.

MAJOR INITIATIVES

Academic: Major initiatives in the area of instruction included:

- 1.) The creation and implementation of the middle school Makerspace. We will physically redo the classroom space and set up the room with opportunities for students to practice engineering, coding and various applications of technology.
- 2.) Adoption and implementation of Journeys Language Arts Program Grades 1-2. Training on the new Thinkcentral platform will continue and students will delve deeper with ELA NJSLs.
- 3.) Further development in analyzing PARCC, MAPS and STAR data to guide instruction. Instruction will be given to find trends and fill gaps.
- 4.) NGSS will be fully implemented K-5. Continued professional development will be provided for all science teachers districtwide through in-services and afterschool series.
- 5.) Google Classroom training will be provided as a teacher tool. Teachers will be given the opportunity to attend afterschool training for district required PD hours.

Community: Each building, elementary and middle, will hold a Parent Academy Night. Through this we will explain the RTI Programs and basic skills role in the classroom and explore the math, sciences and ELA curriculum. Parents will get to see sample “lessons” and gain a better understanding of the school curriculum and state standards.

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 but not limited to: Tadpoles & Butterflies, Language Arts Mural, STEM Boxes, Mindfulness and Movement in the Classroom. The Home and School Association continues to fund resources to teachers for items not included in the school budget. Resources were used towards the organization of the Book Fair at each building, funding the After School Homework/Study Club, Incoming 5th Grade Gym Bags, Seneca Scholarship to a Shamong Graduate, etc.

Facilities: The district was approved for a total of eight ROD Grants. Construction and close out continued on these projects with all construction completed by July 2017. Increased security for each building in the form of interior door Shelter Shutters were purchased with funds awarded by the district’s insurance carrier. Bottle filling stations were installed at each building in an effort to “Go Green”.

INTERNAL ACCOUNTING CONTROLS

Management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require estimates and judgments by management.

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

As part of the School District’s single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

The School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The School District's accounting system is organized on the basis of funds. The funds are explained in "Notes to Financial Statements", Note 1.

OTHER INFORMATION

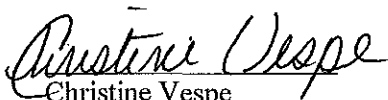
INDEPENDENT AUDIT

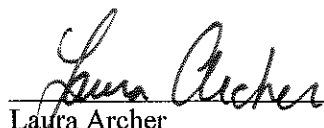
State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,


Christine Vespe
Superintendent

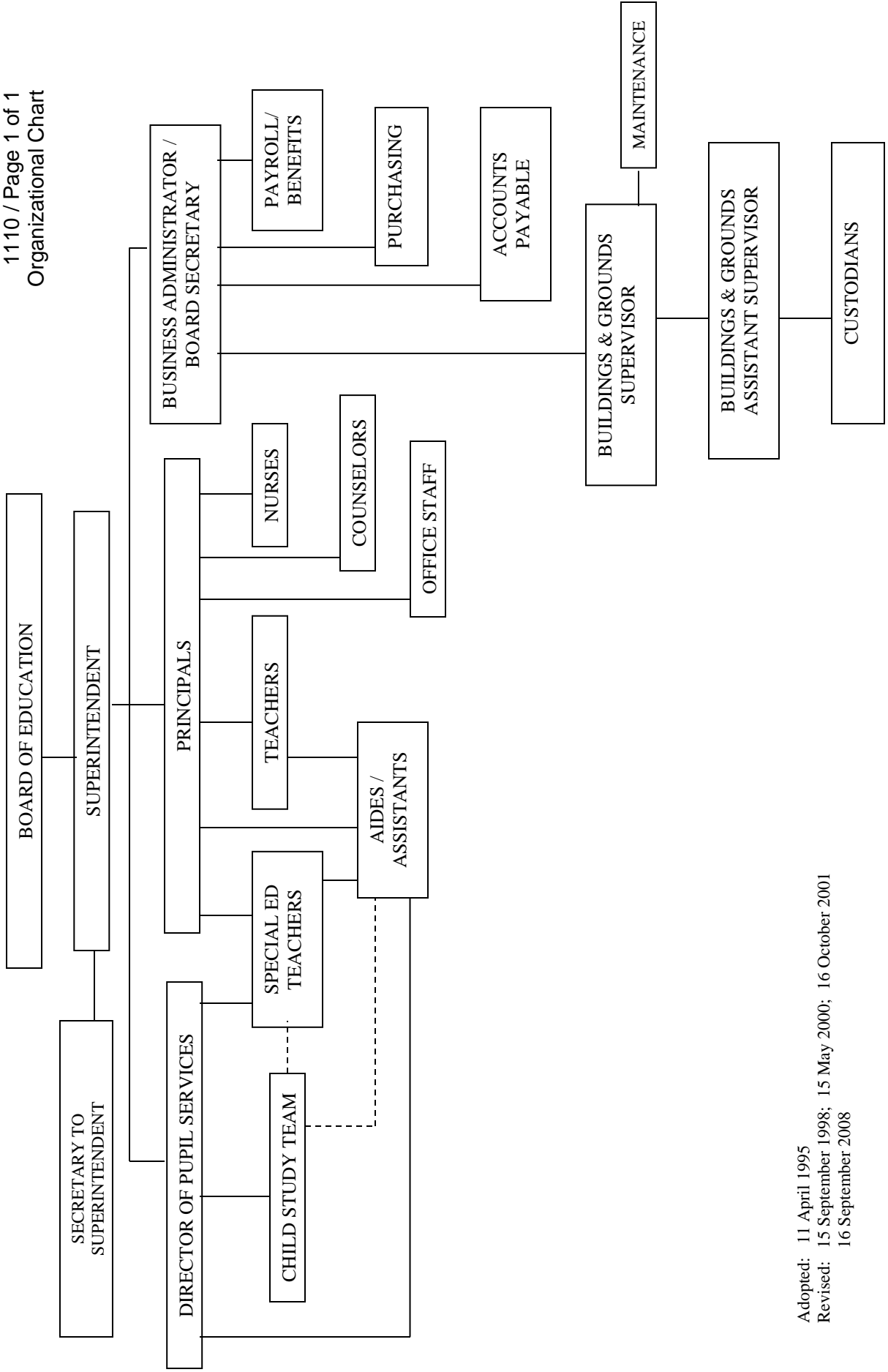


Laura Archer
School Business Administrator/Board Secretary

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, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Melissa Ciliberti, President	2017
Jeffrey Warner, Vice President	2018
Jeffrey Siedlecki, Jr.	2019
Susan Daniels	2017
Michael Tuman	2019

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

AUDIT FIRM

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

ATTORNEY

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Parker McCay
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OFFICIAL DEPOSITORY

TD Bank
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Medford, New Jersey 08055

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, County of Burlington, State of New Jersey, as of June 30, 2017, 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 School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, statistical section and schedule of expenditures of federal awards 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 state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
November 1, 2017

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Shamong Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements,

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 3,511,290	\$ 3,281,541	\$ 229,749	7.0%
Capital Assets, Net	11,662,173	12,203,911	(541,738)	-4.4%
Total Assets	<u>15,173,463</u>	<u>15,485,452</u>	<u>(311,989)</u>	-2.0%
Deferred Outflow of Resources	<u>1,763,159</u>	<u>928,472</u>	<u>834,687</u>	89.9%
Current and other Liabilities	34,449	42,626	(8,177)	-19.2%
Noncurrent Liabilities	<u>8,879,408</u>	<u>8,843,400</u>	<u>36,008</u>	0.4%
Total Liabilities	<u>8,913,857</u>	<u>8,886,026</u>	<u>27,831</u>	0.3%
Deferred Inflow of Resources	<u>234,334</u>	<u>75,568</u>	<u>158,766</u>	210.1%
Net Position:				
Net Investment in Capital Assets	8,842,449	8,350,371	492,078	5.9%
Restricted	3,427,961	3,334,897	93,064	2.8%
Unrestricted (Deficit)	<u>(4,481,979)</u>	<u>(4,232,938)</u>	<u>(249,041)</u>	5.9%
Total Net Position	<u>\$ 7,788,431</u>	<u>\$ 7,452,330</u>	<u>\$ 336,101</u>	4.5%

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 178,458	\$ 181,502	\$ (3,044)	-1.7%
Operating Grants & Contributions	1,919,033	3,567,782	(1,648,749)	-46.2%
General Revenues:				
Property Taxes	9,541,312	9,285,085	256,227	2.8%
Federal & State Aid	4,353,408	4,725,906	(372,498)	-7.9%
Other General Revenues	291,504	405,535	(114,031)	-28.1%
Total Revenues	<u>16,283,715</u>	<u>18,165,810</u>	<u>(1,882,095)</u>	-10.4%
Function/Program Expenses:				
Regular Instruction	3,906,222	3,788,879	117,343	3.1%
Special Education Instruction	1,615,844	1,610,721	5,123	0.3%
Other Instruction	349,272	406,385	(57,113)	-14.1%
Tuition	96,554	154,465	(57,911)	-37.5%
Health Services	127,016	118,586	8,430	7.1%
Student & Instruction Related Services	972,816	912,981	59,835	6.6%
Educational Media Services	238,756	240,487	(1,731)	-0.7%
General Administrative	371,840	371,097	743	0.2%
School Administrative Services	459,899	480,375	(20,476)	-4.3%
Central Services	315,949	312,124	3,825	1.2%
Plant Operations & Maintenance	1,190,428	1,124,396	66,032	5.9%
Pupil Transportation	652,106	640,139	11,967	1.9%
Unallocated Benefits	2,971,286	4,422,076	(1,450,790)	-32.8%
On Behalf TPAF Pension and Social Security Contributions	1,569,569	1,411,685	157,884	11.2%
Interest & Other Charges	121,523	133,714	(12,191)	-9.1%
Unallocated Loss on Disposal of Assets	8,800	56,479	(47,679)	-84.4%
Unallocated Depreciation	733,734	730,202	3,532	0.5%
Food Service	246,000	258,791	(12,791)	-4.9%
Total Expenses	<u>15,947,614</u>	<u>17,173,582</u>	<u>(1,225,968)</u>	-7.1%
Change In Net Position	336,101	992,228	(656,127)	-66.1%
Net Position - Beginning	7,452,330	6,460,102	992,228	15.4%
Net Position - Ending	<u>\$ 7,788,431</u>	<u>\$ 7,452,330</u>	<u>\$ 336,101</u>	4.5%

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$327,628 or 4.42%. The primary reason for the increase was savings in unallocated benefits due to negotiated change in health benefits from minimum \$10 co-pay to \$15 co-pay.

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Activities (continued)

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$7,739,186, with an unrestricted deficit balance of \$(4,512,058). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$	(4,481,979)
Add back: PERS Pension Liability		5,775,200
Less: Deferred Outflows related to pensions		(1,754,385)
Add back: Deferred Inflows related to pensions		234,334
Unrestricted Net Position (Without GASB 68)	\$	(226,830)

Business-type Activities

During the fiscal year 2017, the net position of business-type activities increased by \$8,473 or 20.78%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$49,245.

General Fund Budgeting Highlights

Final budgeted revenues was \$13,298,894, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$223,838.

Final budgeted appropriations was \$14,165,071, which was an increase of \$51.826 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,221,193.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$3,554,724 at June 30, 2017, an increase of \$458,854 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$3,466,831, an increase of \$220,049 from the prior year.

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds (continued)

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$458,112. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Unexpended balance of unallocated benefits due to negotiated contract
- Additional revenue from audited 15-16 private school tuition
- Unexpended balance tuition CSSD Special Education

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$238,063. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- Continuation and completion of SDA projects

Debt service fund – There was no change in the fund balance of the debt service.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$8,473. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Increase in sales
- Decrease in expenditures due to reduction in staff

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$11,643,007 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$536,917. This increase is primarily due to the current year acquirement of capital assets. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 1,068,766	\$ 1,068,766	\$ -	0.0%
Construction in Progress	1,408,757	1,261,985	146,772	11.6%
Building and Improvements	8,843,857	9,499,393	(655,536)	-6.9%
Equipment	321,627	349,780	(28,153)	-8.0%
	<u>\$ 11,643,007</u>	<u>\$ 12,179,924</u>	<u>\$ (536,917)</u>	-4.4%

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Capital Assets (continued)

Depreciation expense for the year was \$733,734. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,054,000, which is a decrease of \$760,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's 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 contribute the majority of the tax burden. The increase in the School District's operating budget 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 Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Laura Archer, School Business Administrator/Board Secretary, at the Shamong Board of Education, 295 Indian Mills Road, Shamong, New Jersey 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, 2017

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 2,455,775	\$ 14,957	\$ 2,470,732
Receivables, Net	1,030,129	6,811	1,036,940
Internal Balances	(6,944)	6,944	
Inventory	-	3,618	3,618
Capital Assets, Non-Depreciable (Note 5)	2,477,523	-	2,477,523
Capital Assets, Depreciable (Note 5)	9,165,484	19,166	9,184,650
Total Assets	15,121,967	51,496	15,173,463
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,938,721	-	1,938,721
Deferred Charges of Refunding of Debt	8,774	-	8,774
Total Deferred Outflows of Resources	1,947,495	-	1,947,495
Total Assets and Deferred Outflows of Resources	17,069,462	51,496	17,120,958
LIABILITIES			
Accrued Interest	20,069	-	20,069
Accounts Payable	9,429	2,251	11,680
Due to Other Governments	184,336	-	184,336
Unearned Revenue	2,700	-	2,700
Noncurrent Liabilities (Note 7):			
Due Within One Year	1,068,417	-	1,068,417
Due Beyond One Year	7,810,991	-	7,810,991
Total Liabilities	9,095,942	2,251	9,098,193
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	234,334	-	234,334
Total Deferred Inflows of Resources	234,334	-	234,334
Total Liabilities and Deferred Inflows of Resources	9,330,276	2,251	9,332,527
NET POSITION			
Net Investment in Capital Assets	8,823,283	19,166	8,842,449
Restricted For:			
Capital Projects	1,554,187	-	1,554,187
Debt Service	3	-	3
Emergency Reserve	196,000	-	196,000
Maintenance Reserve	70,000	-	70,000
Excess Surplus	800,000	-	800,000
Unrestricted	(3,704,287)	30,079	(3,674,208)
Total Net Position	\$ 7,739,186	\$ 49,245	\$ 7,788,431

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, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Governmental Activities:						
Instruction:						
Instruction - Regular Programs	\$ 3,906,222	\$ -	\$ -	\$(3,906,222)	\$ -	\$(3,906,222)
Special Education	1,615,844	-	255,779	(1,360,065)	-	(1,360,065)
Other Special Instruction	244,414	-	-	(244,414)	-	(244,414)
Other Instruction	104,858	-	-	(104,858)	-	(104,858)
Support Services:						
Tuition	96,554	-	-	(96,554)	-	(96,554)
Health Services	127,016	-	22,962	(104,054)	-	(104,054)
Student & Instruction Related Services	972,816	-	-	(972,816)	-	(972,816)
Educational Media Services/School Library						
Library	238,756	-	-	(238,756)	-	(238,756)
General Administrative Services	371,840	-	-	(371,840)	-	(371,840)
School Administrative Services	459,899	-	-	(459,899)	-	(459,899)
Central Services	315,949	-	-	(315,949)	-	(315,949)
Plant Operations & Maintenance	1,190,428	-	-	(1,190,428)	-	(1,190,428)
Pupil Transportation	652,106	-	-	(652,106)	-	(652,106)
Employee Benefits	4,540,855	-	1,573,043	(2,967,812)	-	(2,967,812)
Interest and Charges on Long-Term Debt	121,523	-	-	(121,523)	-	(121,523)
Unallocated Loss on Disposal of Assets	8,800	-	-	(8,800)	-	(8,800)
Unallocated Depreciation	733,734	-	-	(733,734)	-	(733,734)
Total Governmental Activities	15,701,614	-	1,851,784	(13,849,830)	-	(13,849,830)
Business-Type Activities:						
Food Service	246,000	178,458	67,249	-	(293)	(293)
Total Business-Type Activities	246,000	178,458	67,249	-	(293)	(293)
Total Primary Government	\$ 15,947,614	\$ 178,458	\$ 1,919,033	\$(13,849,830)	\$(293)	\$(13,850,123)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,541,312	-	9,541,312
Federal & State Aid Unrestricted				4,353,408	-	4,353,408
Tuition Received				68,244	-	68,244
Miscellaneous Income				210,094	8,766	218,860
Decrease In Post Retirement Benefits				4,400	-	4,400
Total General Revenues, Special Items, Extraordinary Items & Transfers				14,177,458	8,766	14,186,224
Change In Net Position				327,628	8,473	336,101
Net Position - Beginning				7,411,558	40,772	7,452,330
Net Position - Ending				\$ 7,739,186	\$ 49,245	\$ 7,788,431

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, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Cash & Cash Equivalents	\$ 816,087	\$ -	\$ 202,036	\$ -	\$ 1,018,123
Accounts Receivable:					
State	67,143	-	131,326	-	198,469
Other	780,481	2,506	-	46,673	829,660
Interfund	2,001	-	-	-	2,001
Restricted Cash	1,486,826	-	-	-	1,486,826
Total Assets	\$ 3,152,538	\$ 2,506	\$ 333,362	\$ 46,673	\$ 3,535,079
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 2,504	\$ -	\$ 46,670	\$ 49,174
Interfund Payable	6,944	-	1	-	6,945
Unearned Revenue	2,700	-	-	-	2,700
Accounts Payable	9,427	2	-	-	9,429
Total Liabilities	19,071	2,506	1	46,670	68,248
Fund Balances:					
Restricted:					
Maintenance Reserve	70,000	-	-	-	70,000
Emergency Reserve	196,000	-	-	-	196,000
Capital Reserve	1,220,826	-	-	-	1,220,826
Capital Projects	-	-	333,361	-	333,361
Debt Service	-	-	-	3	3
Excess Surplus - Current Year	800,000	-	-	-	800,000
Excess Surplus Designated for Subsequent Year's Expenditures	807,771	-	-	-	807,771
Assigned:					
Other Purposes	38,870	-	-	-	38,870
Unassigned	-	-	-	-	-
Total Fund Balances	3,133,467	-	333,361	3	3,466,831
Total Liabilities & Fund Balances	\$ 3,152,538	\$ 2,506	\$ 333,362	\$ 46,673	

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 \$22,891,600 and the accumulated depreciation is \$11,248,593.	11,643,007
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.	1,713,161
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(20,069)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(184,336)
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.	(8,879,408)

Net Position of Governmental Activities \$ 7,739,186

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, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 8,981,228	\$ -	\$ -	\$ 560,084	\$ 9,541,312
Tuition	68,244	-	-	-	68,244
Miscellaneous	175,428	34,666	-	-	210,094
Total Local Sources	9,224,900	34,666	-	560,084	9,819,650
State Sources	5,866,659	-	58,709	30,694	5,956,062
Federal Sources	-	249,130	-	-	249,130
Total Revenues	15,091,559	283,796	58,709	590,778	16,024,842
Expenditures:					
Current:					
Instruction - Regular Programs	3,906,222	-	-	-	3,906,222
Special Education	1,360,065	255,779	-	-	1,615,844
Other Special Instruction	244,414	-	-	-	244,414
Other Instruction	104,858	-	-	-	104,858
Support Services:					
Tuition	96,554	-	-	-	96,554
Attendance and Social Work Services	30,000	-	-	-	30,000
Health Services	127,016	-	-	-	127,016
Student & Instruction Related Services	919,854	22,962	-	-	942,816
Educational Media Services/School					
Library	238,756	-	-	-	238,756
General Administrative Services	371,840	-	-	-	371,840
School Administrative Services	459,899	-	-	-	459,899
Central Services	315,949	-	-	-	315,949
Plant Operations & Maintenance	1,190,428	-	-	-	1,190,428
Pupil Transportation	661,376	-	-	-	661,376
Employee Benefits	4,146,590	5,055	-	-	4,151,645
Capital Outlay	339,626	-	146,772	-	486,398
Debt Service:					
Principal	-	-	-	760,000	760,000
Interest & Other Charges	-	-	-	100,778	100,778
Total Expenditures	14,513,447	283,796	146,772	860,778	15,804,793
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	578,112	-	(88,063)	(270,000)	220,049
Other Financing Sources/(Uses):					
Operating Transfers In -	-	-	-	270,000	270,000
Operating Transfers (Out) -	(120,000)	-	(150,000)	-	(270,000)
Total Other Financing Sources/(Uses)	(120,000)	-	(150,000)	270,000	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	458,112	-	(238,063)	-	220,049
Fund Balances July 1	2,675,355	-	571,424	3	3,246,782
Fund Balances June 30	\$ 3,133,467	\$ -	\$ 333,361	\$ 3	\$ 3,466,831

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 220,049

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	(733,734)	
Loss on Disposal of Fixed Assets	(8,800)	
Capital Outlays	205,617	(536,917)

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. 760,000

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.

District PERS Pension Contributions	173,231	
Pension Expense	(562,441)	(389,210)

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	24,652	
Accrued Interest Current Year	(20,069)	4,583

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	(10,029)	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	(2,400)	
Prior Year	6,800	4,400

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	(273,311)	
Prior Year	264,217	(9,094)

Change in Net Position of Governmental Activities \$ 327,628

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, 2017**

ASSETS	TOTAL <u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 14,957
Accounts Receivable:	
State	129
Federal	3,098
Other	3,584
Interfund	6,944
Inventories	<u>3,618</u>
Total Current Assets	<u>32,330</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	63,622
Less: Accumulated Depreciation	<u>(44,456)</u>
Total Capital Assets	<u>19,166</u>
Total Assets	<u>51,496</u>
LIABILITIES	
Accounts Payable	<u>2,251</u>
Total Liabilities	<u>2,251</u>
NET POSITION	
Net Investment in Capital Assets	19,166
Unrestricted	<u>30,079</u>
Total Net Position	<u>\$ 49,245</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, 2017**

	TOTALS
	FOOD SERVICE FUND
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 100,167
Daily Sales - Nonreimbursable Programs	78,291
Miscellaneous	8,766
	187,224
Total Operating Revenue	187,224
Operating Expenses:	
Cost of Sales	97,501
Salaries & Benefits	103,773
Miscellaneous Expenses	11,103
Management Fee	20,200
Supplies and Materials	8,602
Depreciation	4,821
	246,000
Total Operating Expenses	246,000
Operating Income/(Loss)	(58,776)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,090
Federal Sources:	
National School Lunch Program	46,246
Healthy Hunger-Free Kids Act	2,879
Cash in Lieu of Commodities	16,034
	67,249
Total Nonoperating Revenues/(Expenses)	67,249
Change in Net Position	8,473
Total Net Position - Beginning	40,772
Total Net Position - Ending	\$ 49,245

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, 2017**

	TOTALS
	FOOD SERVICE FUND
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 187,224
Payments to Employees	(103,773)
Payments to Suppliers	(153,652)
Net Cash Provided/(Used) by Operating Activities	(70,201)
Cash Flows From Noncapital Financing Activities:	
State Sources	2,330
Federal Sources	69,246
Net Cash Provided/(Used) by Noncapital Financing Activities	71,576
Net Increase/(Decrease) in Cash & Cash Equivalents Balances - Beginning of Year	1,375 13,582
Balances - End of Year	\$ 14,957
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (58,776)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used For) Operating Activities:	
Depreciation & Net Amortization	4,821
(Increase)/Decrease in Other A/R	-
Increase/(Decrease) in Accounts Payable	(15,271)
(Increase)/Decrease in Inventories	(975)
Net Cash Provided/(Used) by Operating Activities	\$ (70,201)

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, 2017**

ASSETS	PRIVATE PURPOSE	AGENCY FUNDS		TOTALS
	UNEMPLOYMENT COMPENSATION INSURANCE	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 111,935	\$ 61,107	\$ 11,078	\$ 184,120
Total Assets	111,935	61,107	11,078	184,120
LIABILITIES				
Payroll Deductions & Withholdings	-	-	9,078	9,078
Interfund Payable	-	-	2,000	2,000
Due to State	3,035	-	-	3,035
Due to Student Groups	-	61,107	-	61,107
Total Liabilities	3,035	61,107	11,078	75,220
NET POSITION				
Restricted	108,900	-	-	108,900
Total Net Position	\$ 108,900	\$ -	\$ -	\$ 108,900

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, 2017**

ADDITIONS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	TOTALS
Local Sources:		
Employee Contributions	\$ 22,000	\$ 22,000
Total Additions	<u>22,000</u>	<u>22,000</u>
DEDUCTIONS		
Unemployment Compensation Insurance Claims	<u>9,241</u>	<u>9,241</u>
Total Deductions	<u>9,241</u>	<u>9,241</u>
Change in Net Position	12,759	12,759
Net Position - Beginning of the Year	<u>96,141</u>	<u>96,141</u>
Net Position - End of the Year	<u>\$ 108,900</u>	<u>\$ 108,900</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, 2017

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SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

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, 2017 of 748 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, 2017.

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, 2017

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, 2017**

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, 2017

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, 2017

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, 2017**

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, 2017**

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 were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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, 2017**

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, 2017**

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, 2017.
- 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, 2017

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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 interperiod equity, and creating additional transparency. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2017

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

Impact of Recently Issued Accounting Principles (continued)

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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 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 School 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 have a material impact on the School District's financial statements.

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 have a material impact on the School 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 School District's financial statements.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017

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

Impact of Recently Issued Accounting Principles (continued)

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

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

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

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Deferred Loss on Refunding Debt

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

Deferred Outflows and Deferred Inflows of Resources

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

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

Pensions 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, 2017, the District's bank balance of \$2,775,680 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 2,565,000
Uninsured and Uncollateralized	<u>210,680</u>
	<u>\$ 2,775,680</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 2. Cash Deposits and Investments (continued):

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.

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, 2017.

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 3. Reserve Accounts (continued):

A. Capital Reserve (continued)

proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 01, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 900,000
Increased by:	
Deposits approved by Board	<u>440,826</u>
	1,340,826
Decreased by:	
Budget Withdrawals	<u>(120,000)</u>
Ending Balance, June 30, 2017	<u>\$ 1,220,826</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 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, 2017 is \$70,000, as there was no activity for the current fiscal year.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 3. Reserve Accounts (continued):

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.

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, 2017 is \$196,000, as there was no activity for the current fiscal year.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>				<u>Total Governmental Activities</u>	<u>Proprietary</u>	<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>		<u>Food Service Fund</u>	
Federal Awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,098	\$ 3,098
State Awards	67,143		131,326		198,469	129	129
Other	780,481	2,506	-	46,673	829,660	3,584	3,584
Total	\$ 847,624	\$ 2,506	\$ 131,326	\$ 46,673	\$ 1,028,129	\$ 6,811	\$ 6,811

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,068,766	\$ -	\$ -	\$ 1,068,766
Construction in Progress	1,261,985	146,772	-	1,408,757
Total Capital Assets not being depreciated	<u>2,330,751</u>	<u>146,772</u>	-	<u>2,477,523</u>
Capital Assets being depreciated:				
Buildings and Improvements	19,601,570	-	-	19,601,570
Equipment	777,862	58,845	(24,200)	812,507
Total Capital Assets being depreciated	<u>20,379,432</u>	<u>58,845</u>	<u>(24,200)</u>	<u>20,414,077</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(10,102,177)	(655,536)	-	(10,757,713)
Equipment	(428,082)	(78,198)	15,400	(490,880)
Total Accumulated Depreciation	<u>(10,530,259)</u>	<u>(733,734)</u>	<u>15,400</u>	<u>(11,248,593)</u>
Total Capital Assets being depreciated, net	<u>9,849,173</u>	<u>(674,889)</u>	<u>(8,800)</u>	<u>9,165,484</u>
Total Governmental Activities Capital Assets, net	<u>\$ 12,179,924</u>	<u>\$ (528,117)</u>	<u>\$ (8,800)</u>	<u>\$ 11,643,007</u>
	Balance July 1, <u>2016</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 63,622	\$ -	\$ -	\$ 63,622
	<u>63,622</u>	-	-	<u>63,622</u>
Less: Accumulated Depreciation:				
Equipment	(39,635)	(4,822)	-	(44,457)
	<u>(39,635)</u>	<u>(4,822)</u>	-	<u>(44,457)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 23,987</u>	<u>\$ (4,822)</u>	<u>\$ -</u>	<u>\$ 19,165</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 5. Capital Assets (continued):

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

Governmental Activities:	
Unallocated	<u>\$ 733,734</u>
 Total Depreciation Expense	 <u><u>\$ 733,734</u></u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,001	\$ 6,944
Capital Projects Fund	-	1
Food Service Fund	6,944	-
Payroll Fund	-	2,000
	<u>\$ 8,945</u>	<u>\$ 8,945</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:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 120,000
Capital Projects Fund	-	150,000
Debt Service Fund	270,000	-
	<u>\$ 270,000</u>	<u>\$ 270,000</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, 2017**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,814,000	\$ -	\$ 760,000	\$ 2,054,000	\$ 790,000
Capital Leases	950,880	-	237,720	713,160	237,720
Unamortized Bond Premiums	107,463	-	46,126	61,337	40,697
Compensated Absences	264,217	9,094	-	273,311	-
Net Pension Liability	4,700,040	1,075,160	-	5,775,200	-
Post-Retirement Benefits	6,800	-	4,400	2,400	-
	<u>\$ 8,843,400</u>	<u>\$ 1,084,254</u>	<u>\$ 1,048,246</u>	<u>\$ 8,879,408</u>	<u>\$ 1,068,417</u>

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, 2017, bonds payable consisted of the following individual issues:

Purpose	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
Serial Bonds	3.125% - 3.500%	2/15/2026	\$ 1,999,000	\$ 1,384,000
Refunding Bonds	4.000%	5/5/2018	3,145,000	670,000
Total				<u>\$ 2,054,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	155,000	25,287	180,287
2023-2026	689,000	47,903	736,903
	<u>\$ 2,054,000</u>	<u>\$ 246,138</u>	<u>\$ 2,300,138</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 7. Long-Term Obligations (continued):

B. Bonds Authorized But Not Issued:

As of June 30, 2017, 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, 2017 are:

Fiscal Year Ending <u>June 30,</u>		
2018	\$	247,395
2019		243,877
2020		<u>240,359</u>
Total Minimum Lease Payments		731,631
Less: Amount Representing Interest		<u>(18,471)</u>
Present Value of Minimum Lease Payments	\$	<u><u>713,160</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.

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, 2017**

Note 8. Pension Plans (continued):

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$5,775,200 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .019499%, which was a decrease of .0014379% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$562,433 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School 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, 2017**

Note 8. Pension Plans (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 107,401	\$ -
Changes of Assumptions	1,196,313	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	220,214	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	230,457	234,334
School District contributions subsequent to measurement date	184,336	
	\$ 1,938,721	\$ 234,334

\$184,336 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2018	\$	362,183
2019		362,184
2020		415,847
2021		329,747
2022		50,090
	\$	1,520,051

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 7,076,834</u>	<u>\$ 5,775,200</u>	<u>\$ 4,700,589</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.01950%	 0.02094%

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/annrpts.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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017

Note 8. Pension Plans (continued):

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

- 4 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$44,813,287. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was .056966%, which was a decrease of .000735% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$3,367,095 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued):

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

	At 1% Decrease <u>(2.22%)</u>	At Current Discount Rate <u>(3.22%)</u>	At 1% Increase <u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 53,517,079</u>	<u>\$ 44,813,287</u>	<u>\$ 37,705,517</u>
	<u><u>\$ 53,517,079</u></u>	<u><u>\$ 44,813,287</u></u>	<u><u>\$ 37,705,517</u></u>

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued): YEAR ENDED JUNE 30, 2017

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued)

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$5,915.50, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$2,221.30.

Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at:

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$621,930, \$518,209 and \$1,581, respectively.

Note 11. Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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 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:

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 22,000	\$ 9,241	\$ 108,900
2015-2016	-	30,000	37,855	96,141
2014-2015	-	-	25,014	103,996

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2017 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.

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.

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

Note 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. At June 30, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$273,311. As of June 30, 2017 no liability existed for compensated absences in the proprietary fund types.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued):
YEAR ENDED JUNE 30, 2017**

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. 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, 2017 was \$800,000.

Note 16. Fund Balance

General Fund – Of the \$3,133,467 General Fund fund balance at June 30, 2017, \$1,220,826 has been reserved in the Capital Reserve Account; \$70,000 has been reserved in the Maintenance Reserve Account; \$196,000 has been reserved in the Emergency Reserve Account; \$807,771 is restricted for excess surplus designated for subsequent years expenditures; \$800,000 is restricted for current year excess surplus; \$38,870 is assigned to other purposes; and \$0 is unassigned.

Capital Projects Fund – Of the \$333,361 Capital Projects Fund fund balance at June 30, 2017, \$333,361 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, 2017, \$3 is reserved in accordance with N.J.S.A. 7F-41c(2).

Note 17. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$3,704,287 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017. The deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 8,981,228	\$ -	\$ 8,981,228	\$ 8,981,228	\$ -
Tuition from Other LEAs	10-1310	-	-	-	32,494	32,494
Tuition from Other Sources	10-1340	-	-	-	35,750	35,750
Miscellaneous	10-1990	50,000	-	50,000	175,428	125,428
Total Local Sources		9,031,228	-	9,031,228	9,224,900	193,672
State Sources:						
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	42,755	26,860
PARCC Readiness Aid	10-3190	8,250	-	8,250	8,250	-
Per Pupil Growth Aid	10-3190	8,250	-	8,250	8,250	-
Professional Learning Community Aid	10-3190	7,420	-	7,420	7,420	-
Nonpublic School Transportation Reimbursement	10-3190	-	-	-	3,306	3,306
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	518,209	518,209
On-Behalf TPAF Pension Contributions		-	-	-	621,930	621,930
On-Behalf TPAF Long-Term Disability Ins Contributions		-	-	-	1,581	1,581
Reimbursed TPAF Social Security Contributions	10-3902	-	-	-	427,849	427,849
Total State Sources		4,267,666	-	4,267,666	5,867,401	1,599,735
Total Revenues		13,298,894	-	13,298,894	15,092,301	1,793,407
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	219,626	39,811	259,437	258,499	938
Preschool/Kindergarten Assistant	11-110-100-106	-	22,399	22,399	22,399	-
Grades 1 - 5	11-120-100-101	1,945,881	(54,600)	1,891,281	1,851,467	39,814
Grades 6 - 8	11-130-100-101	1,308,674	(101,876)	1,206,798	1,171,381	35,417
Home Instruction	11-150-100-101	3,000	-	3,000	1,883	1,117
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	140,000	42,544	182,544	174,054	8,490
Purchased Technical Services	11-190-100-340	97,500	63,312	160,812	156,703	4,109
Lease/Rental of Equipment	11-190-100-440	62,434	4,509	66,943	66,943	-
Teacher Travel Between Schools	11-190-100-580	1,000	-	1,000	-	1,000
General Supplies	11-190-100-610	190,352	(9,187)	181,165	166,969	14,196
Textbooks	11-190-100-640	28,000	9,518	37,518	35,598	1,920
Other Objects	11-190-100-800	347	-	347	326	21
Total Regular Programs - Instruction		3,996,814	16,430	4,013,244	3,906,222	107,022
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	1,062,562	(6,200)	1,056,362	967,574	88,788
Other Salaries for Instruction	11-213-100-106	215,316	(6,150)	209,166	175,111	34,055
General Supplies	11-213-100-610	8,675	9,300	17,975	17,894	81
Textbooks	11-213-100-640	3,160	-	3,160	2,856	304
Total Resource Room		1,289,713	(3,050)	1,286,663	1,163,435	123,228

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	110,434	-	110,434	106,810	3,624
Other Salaries for Instruction	11-215-100-106	65,668	21,184	86,852	83,856	2,996
Purchased Educational Services	11-215-100-320	2,000	-	2,000	2,000	-
General Supplies	11-215-100-610	5,000	-	5,000	3,964	1,036
Total Preschool Disabilities - Part-Time		183,102	21,184	204,286	196,630	7,656
Total Special Education		1,472,815	18,134	1,490,949	1,360,065	130,884
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	295,180	(31,577)	263,603	242,355	21,248
General Supplies	11-230-100-610	3,500	-	3,500	2,059	1,441
Total Basic Skills/Remedial		298,680	(31,577)	267,103	244,414	22,689
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	52,000	(2,261)	49,739	49,365	374
Supplies & Materials	11-401-100-600	3,158	(1,384)	1,774	1,724	50
Other Objects	11-401-100-800	1,500	-	1,500	1,464	36
Total School Sponsored Cocurricular Activities		56,658	(3,645)	53,013	52,553	460
School Sponsored Athletics:						
Salaries	11-402-100-100	40,000	7,785	47,785	47,784	1
Purchased Services	11-402-100-500	7,609	(3,238)	4,371	4,371	-
Supplies & Materials	11-402-100-600	908	(431)	477	100	377
Other Objects	11-402-100-800	550	(470)	80	50	30
Total School Sponsored Athletics		49,067	3,646	52,713	52,305	408
Total Other Instructional Programs		105,725	1	105,726	104,858	868
Total - Instruction		5,874,034	2,988	5,877,022	5,615,559	261,463
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within the State	11-000-100-561	15,000	-	15,000	-	15,000
Tuition to Other LEAs Outside the State	11-000-100-562	76,000	(21,000)	55,000	7,549	47,451
Tuition to CSSD & Regional Day Schools	11-000-100-565	92,854	-	92,854	-	92,854
Tuition to Private School for The Handicap	11-000-100-567	103,000	8,800	111,800	89,005	22,795
Total Instruction		286,854	(12,200)	274,654	96,554	178,100
Attendance and Social Work Services						
Salaries	11-000-211-100	-	20,000	20,000	20,000	-
Purchased Professional & Technical Services	11-000-213-300	-	10,000	10,000	10,000	-
Total Attendance and Social Work Services		-	30,000	30,000	30,000	-
Health Services:						
Salaries	11-000-213-100	118,901	1,569	120,470	120,470	-
Purchased Professional & Technical Services	11-000-213-300	4,500	500	5,000	5,000	-
Supplies and Materials	11-000-213-600	2,069	(69)	2,000	1,546	454
Other Objects	11-000-213-800	140	-	140	-	140
Total Health Services		125,610	2,000	127,610	127,016	594

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Related Services:						
Salaries	11-000-216-101	116,683	10,393	127,076	117,465	9,611
Purchased Professional/Educational Services	11-000-216-320	80,000	36,000	116,000	95,484	20,516
Supplies & Materials	11-000-216-610	9,800	46	9,846	7,165	2,681
Total Related Services		206,483	46,439	252,922	220,114	32,808
Extra Services:						
Salaries	11-000-217-100	49,746	(15,000)	34,746	25,389	9,357
Purchased Professional/Educational Services	11-000-217-320	23,300	-	23,300	10,180	13,120
Supplies & Materials	11-000-217-610	4,000	96	4,096	1,173	2,923
Total Extra Services		77,046	(14,904)	62,142	36,742	25,400
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	154,668	(1,025)	153,643	152,771	872
Purchased Professional/Educational Services	11-000-218-390	3,000	(2,000)	1,000	-	1,000
Supplies & Materials	11-000-218-600	1,250	-	1,250	910	340
Other Objects	11-000-218-800	200	-	200	-	200
Total Other Support Services - Students - Regular		159,118	(3,025)	156,093	153,681	2,412
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	352,371	6,224	358,595	348,516	10,079
Salaries of Secretarial & Clerical Assistants	11-000-219-105	46,523	1,624	48,147	48,147	-
Rental of Equipment	11-000-219-440	3,000	(3,000)	-	-	-
Seminars/Travel	11-000-219-580	9,125	(1,710)	7,415	5,623	1,792
Miscellaneous Purchased Services	11-000-219-592	3,700	-	3,700	3,100	600
Supplies and Materials	11-000-219-600	11,000	4,500	15,500	12,524	2,976
Other Objects	11-000-219-800	1,000	210	1,210	1,210	-
Total Other Support Services - Students - Special Services		426,719	7,848	434,567	419,120	15,447
Improvement of Instruction:						
Salary of Other Professional Staff	11-000-221-104	79,694	4,887	84,581	84,001	580
Travel	11-000-221-580	-	37	37	37	-
Purchased Services	11-000-221-590	1,000	(1,000)	-	-	-
Total Improvement of Instruction		80,694	3,924	84,618	84,038	580
Instructional Staff Training:						
Purchased Professional/Educational Services	11-000-223-320	5,500	(4,132)	1,368	-	1,368
Staff Development - Travel	11-000-223-580	6,100	-	6,100	3,480	2,620
Supplies & Materials	11-000-223-600	1,000	-	1,000	359	641
Other Objects	11-000-223-800	2,075	245	2,320	2,320	-
Total Instructional Staff Training		14,675	(3,887)	10,788	6,159	4,629

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Educational Media Services/School Library:						
Salaries	11-000-222-100	235,880	(8,875)	227,005	227,004	1
Purchased Professional - Educational Services	11-000-222-300	895	(621)	274	-	274
Media Services	11-000-222-400	3,600	(3,597)	3	-	3
Travel	11-000-222-580	-	377	377	377	-
Supplies and Materials	11-000-222-600	9,237	2,170	11,407	11,375	32
Total Instructional Staff Training Services		249,612	(10,546)	239,066	238,756	310
Support Services General Administration:						
Salaries	11-000-230-100	213,060	12,925	225,985	225,876	109
Legal Services	11-000-230-331	20,000	19,096	39,096	37,290	1,806
Audit Services	11-000-230-332	19,000	3,500	22,500	22,500	-
Architectural/Engineering Services	11-000-230-334	-	7,900	7,900	7,900	-
Other Purchased Professional Services	11-000-230-339	16,100	(13,801)	2,299	2,299	-
Communications/Telephone	11-000-230-530	32,224	(843)	31,381	31,381	-
Travel	11-000-230-580	2,000	232	2,232	2,232	-
BOE Other Purchased Services	11-000-230-585	2,900	(2,900)	-	-	-
Other Purchased Services	11-000-230-590	19,600	(599)	19,001	19,001	-
Supplies and Materials	11-000-230-600	3,192	(1,946)	1,246	1,246	-
Judgements	11-000-230-820	-	5,745	5,745	3,250	2,495
Miscellaneous Expenditures	11-000-230-890	11,208	824	12,032	12,032	-
BOE Membership Dues & Fees	11-000-230-895	7,400	(567)	6,833	6,833	-
Total Support Services General Administration		346,684	29,566	376,250	371,840	4,410
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	265,864	6,955	272,819	272,819	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	186,030	(16,201)	169,829	169,829	-
Purchased Professional & Technical Services	11-000-240-300	15,800	(7,500)	8,300	8,222	78
Travel	11-000-251-580	4,400	(2,413)	1,987	1,856	131
Supplies & Materials	11-000-240-600	4,850	(1,641)	3,209	3,088	121
Other Objects	11-000-240-800	3,750	410	4,160	4,085	75
Total Support Services School Administration		480,694	(20,390)	460,304	459,899	405
Support Services Central Services:						
Salaries	11-000-251-100	252,759	(11,604)	241,155	241,155	-
Purchased Technical Services	11-000-251-340	33,564	8,202	41,766	41,766	-
Other Purchased Professional Services	11-000-251-590	2,000	(402)	1,598	1,598	-
Travel	11-000-251-580	2,000	275	2,275	2,275	-
Supplies and Materials	11-000-251-600	3,500	(770)	2,730	2,730	-
Miscellaneous Expenditures	11-000-251-890	1,000	715	1,715	1,674	41
Total Support Services Central Services		294,823	(3,584)	291,239	291,198	41
Administrative Information Technology:						
Salaries	11-000-252-100	22,803	1,948	24,751	24,751	-
Total Administrative Information Technology		22,803	1,948	24,751	24,751	-
Total Central Services & Admin IT		317,626	(1,636)	315,990	315,949	41

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	114,085	(19,361)	94,724	93,726	998
Cleaning, Repair & Maintenance Services	11-000-261-420	112,304	12,405	124,709	106,610	18,099
General Supplies	11-000-261-610	25,100	40,449	65,549	65,524	25
Total Required Maintenance for School Facilities		251,489	33,493	284,982	265,860	19,122
Operation & Maintenance of Plant:						
Required Maintenance for School Facilities:						
Salaries	11-000-262-100	568,534	2,635	571,169	570,119	1,050
Purchased Professional/Technical Services	11-000-262-300	12,000	(2,677)	9,323	8,386	937
Cleaning, Repair & Maintenance Services	11-000-262-420	19,987	(4,038)	15,949	13,595	2,354
Insurance	11-000-262-520	28,000	(490)	27,510	27,187	323
Travel	11-000-262-580	2,500	(1,244)	1,256	897	359
General Supplies	11-000-262-610	79,000	7,962	86,962	86,077	885
Energy (Natural Gas)	11-000-262-621	76,250	(30,309)	45,941	45,060	881
Energy (Electricity)	11-000-262-622	151,815	26,415	178,230	169,430	8,800
Other Objects	11-000-262-800	700	3,135	3,835	3,817	18
Total Operation & Maintenance of Plant Services		938,786	1,389	940,175	924,568	15,607
Student Transportation Services:						
Salaries - Pupil Transportation Coordinator	11-000-270-162	-	18,000	18,000	18,000	-
Purchased Professional & Technical Services	11-000-270-350	8,500	-	8,500	5,153	3,347
Other Purchased Professional & Technical Services	11-000-270-390	15,000	-	15,000	6,550	8,450
Contracted Services - (Between Home & School) Vendors	11-000-270-511	547,886	-	547,886	514,956	32,930
Contracted Services - (Other Than Between Home & School) Vendors	11-000-270-512	13,700	41	13,741	13,660	81
Contracted Services - CTSA's Regular	11-000-270-517	25,088	(42)	25,046	17,672	7,374
Contracted Services - CTSA's Special	11-000-270-518	174,309	-	174,309	80,081	94,228
Aid in Lieu of Payments	11-000-270-503	13,500	-	13,500	5,304	8,196
Total Student Transportation Services		797,983	17,999	815,982	661,376	154,606
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	164,205	(3,493)	160,712	143,023	17,689
PERS - Other Retirement	11-000-291-241	385,000	(23,811)	361,189	178,151	183,038
Workmen's Compensation	11-000-291-260	52,900	490	53,390	53,390	-
Health Benefits	11-000-291-270	2,313,906	(112,711)	2,201,195	1,916,357	284,838
Tuition Reimbursements	11-000-291-280	41,000	345	41,345	22,376	18,969
Other Employee Benefits	11-000-291-290	182,500	81,948	264,448	263,724	724
Total Unallocated Benefits - Employee Benefits		3,139,511	(57,232)	3,082,279	2,577,021	505,258
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	518,209	(518,209)
On-Behalf TPAF Pension Contributions		-	-	-	621,930	(621,930)
On-Behalf TPAF Long-Term Disability Ins Contributions		-	-	-	1,581	(1,581)
Reimbursed TPAF Social Security Contributions		-	-	-	427,849	(427,849)
Total Undistributed Expenditures		7,899,584	48,838	7,948,422	8,558,262	(609,840)
Total Expenditures - Current Expense		13,773,618	51,826	13,825,444	14,173,821	(348,377)

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	JUNE 30, 2017			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Capital Outlay:						
Facilities Acquisition & Construction Services:						
School Administration	12-000-240-732	21,075	-	21,075	21,075	-
Required Maintenance for School Facilities	12-000-261-731	28,500	-	28,500	28,500	-
Lease Purchase Agreements - Principal	12-000-400-721	250,914	-	250,914	250,913	1
Assessment for Debt Service on SDA Funding	12-000-400-896	39,138	-	39,138	39,138	-
Total Facilities Acquisition & Construction Services		339,627	-	339,627	339,626	1
Total Capital Outlay		339,627	-	339,627	339,626	1
Total Expenditures		14,113,245	51,826	14,165,071	14,513,447	(348,376)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(814,351)	(51,826)	(866,177)	578,854	1,445,031
Other Financing Sources/(Uses):						
Capital Reserve:						
Transfer to Debt Service	12-000-400-933	(120,000)	-	(120,000)	(120,000)	-
Total Other Financing Sources/(Uses)		(120,000)	-	(120,000)	(120,000)	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		(934,351)	(51,826)	(986,177)	458,854	1,445,031
Fund Balances, July 1		3,095,870	-	3,095,870	3,095,870	-
Fund Balances, June 30		2,161,519	\$ (51,826)	2,109,693	\$ 3,554,724	\$ 1,445,031
<u>RECAPITULATION OF BUDGET TRANSFERS</u>						
Prior Year Reserve for Encumbrances			51,826			
Total Budget Transfers			\$ 51,826			
<u>RECAPITULATION OF FUND BALANCE</u>						
Restricted Fund Balance:						
Maintenance Reserve					\$ 70,000	
Emergency Reserve					196,000	
Capital Reserve					1,220,826	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures					807,771	
Excess Surplus					800,000	
Assigned:						
Year-End Encumbrances					171,083	
Unassigned Fund Balance					289,044	
Subtotal					3,554,724	
Reconciliation to Governmental Fund Statements (GAAP):						
Last Two State Aid Payment Not Recognized on GAAP Basis					(421,257)	
Fund Balance per Governmental Funds (GAAP)					\$ 3,133,467	

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
REVENUES				
Local Sources	-	\$ 43,130	\$ 43,130	\$ 34,666
Federal Sources	225,114	24,016	249,130	249,130
Total Revenues	225,114	67,146	292,260	283,796
EXPENDITURES:				
Instruction:				
Salaries of Teachers	44,993	(12,776)	32,217	32,217
Purchased Professional Educational Services	-	3,512	3,512	3,512
Tuition	160,000	6,000	166,000	166,000
General Supplies	9,924	52,590	62,514	54,050
Total Instruction	214,917	49,326	264,243	255,779
Support Services:				
Teacher Salaries	10,197	(1,770)	8,427	8,427
Personal Services - Employee Benefits	-	5,055	5,055	5,055
Purchased Professional Technical Services	-	2,648	2,648	2,648
Purchased Professional Educational Services	-	11,526	11,526	11,526
General Supplies	-	361	361	361
Total Support Services	10,197	17,820	28,017	28,017
Total Expenditures	225,114	67,146	292,260	283,796
Total Outflows	225,114	67,146	292,260	283,796
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

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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, 2017**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 15,092,301	\$ 283,796
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	420,515	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(421,257)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 15,091,559</u>	<u>\$ 283,796</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 14,513,447</u>	<u>\$ 283,796</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (B-2)	<u>\$ 14,513,447</u>	<u>\$ 283,796</u>

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OTHER SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.01950%	0.02094%	0.01924%	0.01906%
School District's proportionate share of the net pension liability	\$ 5,775,200	\$ 4,700,040	\$ 3,601,987	\$ 3,643,602
School District's covered payroll	\$ 1,340,753	\$ 1,318,264	\$ 1,330,845	\$ 1,374,641
School District's proportionate share of the net pension liability as a percentage of its covered payroll	430.74%	356.53%	270.65%	265.06%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FIVE FISCAL YEARS**

	2017	2016	2015	2014	2013
School District's contractually required contribution	\$ 184,336	\$ 173,231	\$ 180,006	\$ 158,600	\$ 143,647
Contributions in relation to the contractually required contribution	(184,336)	(173,231)	(180,006)	(158,600)	(143,647)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 1,437,661	\$ 1,340,753	\$ 1,318,264	\$ 1,330,845	\$ 1,374,641
Contributions as a percentage of covered payroll	12.82%	12.92%	13.65%	11.92%	10.45%

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 (TPAF)
LAST FOUR FISCAL YEARS*

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
State's proportionate share of the net pension liability associated with the School District	\$ 44,813,287	\$ 36,469,762	\$ 30,629,904	\$ 29,378,568
School District's covered payroll	\$ 5,992,483	\$ 5,758,698	\$ 5,713,243	\$ 5,683,551
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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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, 2017**

	NO CHILD LEFT BEHIND		I.D.E.A. PART B		SHAMONG TOWNSHIP FOUNDATION FOR EDUCATION EXCELLENCE	2017
	TITLE I	TITLE II PART A	REGULAR	PRESCHOOL		
Revenues:						
Federal Sources	\$ 49,673	\$ 10,900	\$ 177,526	\$ 11,031	\$ -	\$ 249,130
Local Sources	-	-	-	-	34,666	34,666
Total Revenues	\$ 49,673	\$ 10,900	\$ 177,526	\$ 11,031	\$ 34,666	\$ 283,796
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 32,217	\$ -	\$ -	\$ -	\$ -	\$ 32,217
Purchased Professional - Educational Services	-	-	-	3,512	-	3,512
Tuition	-	-	166,000	-	-	166,000
General Supplies	11,865	-	-	7,519	34,666	54,050
Total Instruction	44,082	-	166,000	11,031	34,666	255,779
Support Services:						
Salaries	-	8,427	-	-	-	8,427
Personal Services - Employee Benefits	4,493	562	-	-	-	5,055
Purchased Professional - Technical Services	1,098	1,550	-	-	-	2,648
Purchased Professional - Educational Services	-	-	11,526	-	-	11,526
General Supplies	-	361	-	-	-	361
Total Support Services	5,591	10,900	11,526	-	-	28,017
Total Expenditures	\$ 49,673	\$ 10,900	\$ 177,526	\$ 11,031	\$ 34,666	\$ 283,796

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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, 2017**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE PRIOR YEARS	EXPENDITURES TO DATE CURRENT YEAR	CANCELLATION OF GRANT RECEIVABLE	TRANSFER TO DEBT SERVICE FUND	UNEXPENDED BALANCE JUNE 30, 2017
Replacement of Exterior Doors at Indian Mills Memorial School	3/31/2014	\$ 131,000	\$ 111,323	\$ -	\$ -	\$ -	\$ 19,677
Security Upgrades at Indian Mills Memorial School	3/31/2014	227,500	198,308	24,662	-	-	4,530
Air Conditioning Upgrades at Indian Mills Elementary School	3/31/2014	1,192,000	564,973	90,899	-	-	536,128
Security Upgrades at Indian Mills Elementary School	3/31/2014	261,500	225,734	31,211	-	-	4,555
Window Replacement at Indian Mills Elementary School	3/31/2014	169,000	143,961	-	-	20,594	4,445
Renovations, Site Work & Solar Panel Installation at Indian Mills Memorial School & Indian Mills School	9/29/2009	2,676,416	2,335,362	-	65,558	275,496	-
Total		\$ 4,657,416	\$ 3,579,661	\$ 146,772	\$ 65,558	\$ 296,090	\$ 569,335

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2017

Unexpended Project Balances June 30, 2017	\$ 569,335
Less:	
SDA Grant Revenue not Recognized on GAAP Basis	(235,974)
Total Fund Balance (GAAP Basis) - June 30, 2017	<u>\$ 333,361</u>

**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, 2017**

EXPENDITURES:	
Construction Services	<u>\$ 146,772</u>
Total Expenditures	<u>146,772</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(146,772)</u>
Other Financing Sources/ (Uses):	
Transfer to Debt Service Fund	<u>(150,000)</u>
Total Other Financing Sources/ (Uses)	<u>(150,000)</u>
Net Change in Fund Balance	(296,772)
Fund Balance - Beginning	<u>866,107</u>
Fund Balance - Ending	<u><u>\$ 569,335</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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 677,416	\$ -	\$ 677,416	\$ 677,416
Bond Proceeds & Transfers	1,999,000	-	1,999,000	1,999,000
Total Revenues	2,676,416	-	2,676,416	2,676,416
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	243,063	-	243,063	243,063
Construction Services	2,053,511	-	2,053,511	2,053,511
Equipment Purchases				
Supplies	30,423	-	30,423	30,423
Miscellaneous	8,365	-	8,365	8,365
Total Expenditures	2,335,362	-	2,335,362	2,335,362
Other Financing Sources/ (Uses):				
Cancellation of Grant Receivable	(65,558)	-	(65,558)	(65,558)
Transfer to Debt Service Fund	(146,090)	(129,406)	(275,496)	(275,496)
Total Other Financing Sources/ (Uses)	(211,648)	(129,406)	(341,054)	(341,054)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 129,406	\$ (129,406)	\$ -	\$ -

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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 52,400	\$ -	\$ 52,400	\$ 52,400
Bond Proceeds & Transfers	78,600	-	78,600	78,600
Total Revenues	131,000	-	131,000	131,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	13,508	-	13,508	15,500
Construction Services	97,815	-	97,815	115,500
Total Expenditures	111,323	-	111,323	131,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 19,677	\$ -	\$ 19,677	\$ -

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	Complete

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 91,000	\$ -	\$ 91,000	\$ 91,000
Bond Proceeds & Transfers	136,500	-	136,500	136,500
Total Revenues	227,500	-	227,500	227,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	19,131	-	19,131	20,150
Construction Services	179,177	24,662	203,839	207,350
Total Expenditures	198,308	24,662	222,970	227,500
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 29,192	\$ (24,662)	\$ 4,530	\$ -

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	98.01%
Original Target Completion Date	9/2016
Revised Target Completion Date	Complete

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 476,800	\$ -	\$ 476,800	\$ 476,800
Bond Proceeds & Transfers	715,200	-	715,200	715,200
Total Revenues	1,192,000	-	1,192,000	1,192,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	82,642	-	82,642	103,000
Construction Services	482,331	90,899	573,230	1,089,000
Total Expenditures	564,973	90,899	655,872	1,192,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 627,027	\$ (90,899)	\$ 536,128	\$ -

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	55.02%
Original Target Completion Date	6/2017
Revised Target Completion Date	Complete

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 104,600	\$ -	\$ 104,600	\$ 104,600
Bond Proceeds & Transfers	156,900	-	156,900	156,900
Total Revenues	261,500	-	261,500	261,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	21,301	-	21,301	27,310
Construction Services	204,703	31,211	235,914	234,190
Total Expenditures	226,004	31,211	257,215	261,500
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 35,496	\$ (31,211)	\$ 4,285	\$ -

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	98.36%
Original Target Completion Date	9/2016
Revised Target Completion Date	Complete

**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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 67,600	\$ -	\$ 67,600	\$ 67,600
Bond Proceeds & Transfers	101,400	-	101,400	101,400
Total Revenues	169,000	-	169,000	169,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	15,650	-	15,650	19,400
Construction Services	128,311	-	128,311	149,600
Total Expenditures	143,961	-	143,961	169,000
Other Financing Sources/ (Uses):				
Transfer to Debt Service Fund	-	(20,594)	(20,594)	(20,594)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 25,039	\$ (20,594)	\$ 4,445	\$ (20,594)

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	Complete

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, 2017**

ASSETS	<u>TOTALS</u> FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 14,957
Accounts Receivable:	
State	129
Federal	3,098
Other	3,584
Interfund	6,944
Inventories	<u>3,618</u>
Total Current Assets	<u>32,330</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	63,622
Less: Accumulated Depreciation	<u>(44,456)</u>
Total Capital Assets	<u>19,166</u>
Total Assets	<u>51,496</u>
LIABILITIES	
Accounts Payable	<u>2,251</u>
Total Liabilities	<u>2,251</u>
NET ASSETS	
Net Investment in Capital Assets	19,166
Unrestricted	<u>30,079</u>
Total Net Position	<u><u>\$ 49,245</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, 2017**

	TOTALS
	FOOD SERVICE FUND
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 100,167
Daily Sales - Nonreimbursable Programs	78,291
Miscellaneous	8,766
Total Operating Revenue	187,224
Operating Expenses:	
Cost of Sales	97,501
Salaries & Benefits	103,773
Miscellaneous Expenses	11,103
Management Fee	20,200
Supplies and Materials	8,602
Depreciation	4,821
Total Operating Expenses	246,000
Operating Income/(Loss)	(58,776)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,090
Federal Sources:	
National School Lunch Program	46,246
Healthy Hunger-Free Kids Act	2,879
Cash in Lieu of Commodities	16,034
Total Nonoperating Revenues/(Expenses)	67,249
Change in Net Position	8,473
Total Net Position - Beginning	40,772
Total Net Position - Ending	\$ 49,245

**SHAMONG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	TOTALS
	FOOD SERVICE FUND
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 187,224
Payments to Employees	(103,773)
Payments to Suppliers	(153,652)
	(70,201)
Cash Flows From Noncapital Financing Activities:	
State Sources	2,330
Federal Sources	69,246
	71,576
Net Increase/(Decrease) in Cash & Cash Equivalents	1,375
Balances - Beginning of Year	13,582
	\$ 14,957
	14,957

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

Operating Income/(Loss)	\$ (58,776)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used For) Operating Activities:	
Depreciation & Net Amortization	4,821
(Increase)/Decrease in Accounts Receivable	-
Increase/(Decrease) in Accounts Payable	(15,271)
(Increase)/Decrease in Inventories	(975)
	(70,201)
Net Cash Provided/(Used) by Operating Activities	\$ (70,201)

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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, 2017**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	AGENCY FUNDS		TOTAL
		STUDENT ACTIVITY	PAYROLL	
Assets:				
Cash & Cash Equivalents	\$ 111,935	\$ 61,107	\$ 11,078	\$ 184,120
Total Assets	111,935	61,107	11,078	184,120
LIABILITIES				
Liabilities:				
Payroll Deductions & Withholdings	-	-	9,078	9,078
Interfund Payable	-	-	2,000	2,000
Due to State	3,035	-	-	3,035
Due to Student Groups	-	61,107	-	61,107
Total Liabilities	3,035	61,107	11,078	75,220
NET POSITION				
Restricted	108,900	-	-	108,900
Total Net Position	\$ 108,900	\$ -	\$ -	\$ 108,900

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2017**

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	TOTAL
Additions:		
Local Sources:		
Employee Contributions	\$ 22,000	\$ 22,000
	<hr/>	<hr/>
Total Operating Revenues	22,000	22,000
	<hr/>	<hr/>
Total Additions	22,000	22,000
	<hr/>	<hr/>
Deductions:		
Unemployment Compensation Insurance Claims	9,241	9,241
	<hr/>	<hr/>
Change in Net Position	12,759	12,759
Net Position, July 1	96,141	96,141
	<hr/>	<hr/>
Net Position, June 30	\$ 108,900	\$ 108,900
	<hr/> <hr/>	<hr/> <hr/>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Student Activities	\$ 64,085	\$ 65,504	\$ 69,974	\$ 59,615
Basketball League	1,432	450	390	1,492
Total Student Activity	\$ 65,517	\$ 65,954	\$ 70,364	\$ 61,107

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 10,973	\$ 8,672,154	\$ 8,672,049	\$ 11,078
Total Assets	\$ 10,973	\$ 8,672,154	\$ 8,672,049	\$ 11,078
LIABILITIES				
Payroll Deductions & Withholdings Due to General Fund	\$ 8,973 2,000	\$ 8,672,154 -	\$ 8,672,049 -	\$ 9,078 2,000
Total Liabilities	\$ 10,973	\$ 8,672,154	\$ 8,672,049	\$ 11,078

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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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2017	
						JUNE 30, 2016	ISSUED		
School Bond Issue	8/26/2010	\$ 1,999,000	2/15/2018	120,000	3.125%	\$ 1,499,000	\$ -	\$ 1,115,000	
			2/15/2019	130,000	3.125%				
			2/15/2020	140,000	3.125%				
			2/15/2021	150,000	3.125%				
			2/15/2022	155,000	3.125%				
			2/15/2023	160,000	3.125%				
			2/15/2024	170,000	3.250%				
			2/15/2025	180,000	3.375%				
			2/15/2026	179,000	3.500%				
2013 Refunding Bonds	11/15/2012	3,145,000	5/5/2018	670,000	4.000%	1,315,000	-	645,000	
Total						\$ 2,814,000	\$ -	\$ 760,000	2,054,000

**SHAMONG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR FISCAL YEAR ENDED JUNE 30, 2017**

DATE OF LEASE	SERIES	INTEREST RATE PAYABLE	BALANCE OUSTANDING JULY 1, 2016	RETIRED CURRENT YEAR	BALANCE OUSTANDING JUNE 30, 2017
2/11/2015	Replace Exterior Doors	0.740%	\$ 62,880	\$ 15,720	\$ 47,160
2/11/2015	Security Upgrades	0.740%	109,200	27,300	81,900
2/11/2015	Air Conditioning	0.740%	572,160	143,040	429,120
2/11/2015	Security Upgrades	0.740%	125,520	31,380	94,140
2/11/2015	Window Replacement	0.740%	81,120	20,280	60,840
			<u>\$ 950,880</u>	<u>\$ 237,720</u>	<u>\$ 713,160</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	JUNE 30, 2017			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 560,084	\$ -	\$ 560,084	\$ -
State Sources:				
Debt Service Aid Type II	30,694	-	30,694	-
Miscellaneous	150,000	-	150,000	(150,000)
Total Revenues	740,778	-	740,778	(150,000)
Expenditures:				
Regular Debt Service:				
Redemption of Principal	760,000	-	760,000	-
Interest	100,778	-	100,778	-
Total Regular Debt Service	860,778	-	860,778	-
Excess/(Deficiency) of Revenues Over (Under) Expenditures	(120,000)	-	(120,000)	(150,000)
Other Financing Sources/(Uses):				
Operating Transfers In - General Fund	120,000	-	120,000	-
Operating Transfers In - Capital Projects Fund	-	-	-	150,000
Total Other Financing Sources/(Uses)	120,000	-	120,000	150,000
Fund Balance, July 1,	3	-	3	-
Fund Balance, June 30	3	-	3	-

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's

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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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net Investment in Capital Assets	\$ 8,823,283	\$ 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
Restricted	1,750,190	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
Unrestricted	(3,704,287)	(4,249,723)	(4,197,462)	(471,129)	(648,924)	(648,244)	(603,943)	(1,239,936)	(1,202,392)	(440,892)
Total Governmental Activities	\$ 6,869,186	\$ 7,411,558	\$ 6,415,693	\$ 9,254,629	\$ 9,076,777	\$ 8,361,079	\$ 7,806,116	\$ 7,444,092	\$ 7,073,829	\$ 7,178,839
Business-Type Activities:										
Net Investment in Capital Assets	\$ 19,166	\$ 23,987	\$ 28,807	\$ 33,627	\$ 38,447	\$ 34,670	\$ 38,631	\$ 42,888	\$ 33,002	\$ 24,888
Unrestricted	30,079	16,785	15,602	19,646	27,729	31,310	35,363	29,502	26,892	15,390
Total Business-Type Activities	\$ 49,245	\$ 40,772	\$ 44,409	\$ 53,273	\$ 66,176	\$ 65,980	\$ 73,994	\$ 72,390	\$ 59,894	\$ 40,278
Government-Wide:										
Net Investment in Capital Assets	\$ 8,842,449	\$ 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
Restricted	1,750,190	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
Unrestricted	(3,674,208)	(4,232,938)	(4,181,860)	(451,483)	(621,195)	(616,934)	(568,580)	(1,210,434)	(1,175,500)	(425,502)
Total Net Position	\$ 6,918,431	\$ 7,452,330	\$ 6,460,102	\$ 9,307,902	\$ 9,142,953	\$ 8,427,059	\$ 7,880,110	\$ 7,516,482	\$ 7,133,723	\$ 7,219,117

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Governmental Activities										
Instruction:										
Instruction - Regular Programs	\$ 3,906,222	\$ 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
Special Education	1,615,844	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
Other Special Instruction	244,414	301,921	273,493	253,207	246,391	170,328	165,951	202,658	201,474	161,451
Other Instruction	104,858	104,464	98,335	97,047	82,064	88,181	89,890	85,969	95,257	96,575
Support Services:										
Tuition	96,554	154,465	163,634	144,404	70,132	15,034	24,476	1,492	16,740	120,862
Health Services	127,016	118,586	111,970	109,412	149,524					
Student & Instruction Related Services	972,816	912,981	839,431	859,396	850,276	1,109,260	1,115,754	1,190,533	1,137,230	1,157,551
Educational Media Services/School Library	238,756	240,487	222,307	228,681	222,675	-	-	-	-	-
General Administrative Services	371,840	371,097	352,888	361,677	298,499	538,075	599,817	593,731	602,727	575,409
School Administrative Services	459,899	480,375	467,195	450,404	446,278	530,672	598,470	589,113	537,880	539,601
Central Services	315,949	312,124	254,747	266,470	262,019	-	-	-	-	-
Plant Operations & Maintenance	1,190,428	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
Pupil Transportation	652,106	640,139	666,192	665,588	618,931	633,392	576,014	598,024	595,326	601,006
Employee Benefits	4,540,855	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
Interest on Long-Term Debt	121,523	133,714	216,347	139,283	185,001	278,974	277,282	212,824	253,745	252,456
Unallocated Amortization	-	-	-	-	(14,397)	(2,692)	39,488	18,036	20,614	20,614
Increase/(Decrease) In Compensated Absences	-	-	-	-	(103,305)	3,641	(31,793)	10,041	(68,062)	18,790
Increase/(Decrease) In Post Retirement Benefits	8,800	56,479	(418,512)	-	(3,180)	-	-	-	-	-
Unallocated Loss on Revaluation of Assets	733,734	730,202	728,669	752,513	737,501	763,364	649,482	663,323	669,242	640,587
Unallocated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	15,701,614	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
Business-Type Activities:										
Food Service	246,000	258,791	253,617	266,758	263,303	258,821	254,831	247,833	252,556	249,674
Total Business-Type Activities Expense	246,000	258,791	253,617	266,758	263,303	258,821	254,831	247,833	252,556	249,674
Total District Expenses	\$ 15,947,614	\$ 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

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Operating Grants & Contributions	\$ 1,851,784	\$ 3,503,214	\$ 2,829,252	\$ 325,896	\$ 289,841	\$ 284,527	\$ 307,826	\$ 314,034	\$ 266,246	\$ 329,144
Total Governmental Activities Program Revenues	1,851,784	3,503,214	2,829,252	325,896	289,841	284,527	307,826	314,034	266,246	329,144
Business-Type Activities:										
Charges for Services:										
Food Service	178,458	181,502	176,447	180,159	201,662	178,804	194,310	195,558	204,483	191,809
Operating Grants:										
Food Service	67,249	64,568	63,144	67,093	57,554	64,404	57,368	49,356	50,410	50,932
Total Business Type Activities Program Revenues	245,707	246,070	239,591	247,252	259,216	243,208	251,678	244,914	254,893	242,741
Total District Program Revenues	\$ 2,097,491	\$ 3,749,284	\$ 3,068,843	\$ 573,148	\$ 549,057	\$ 527,735	\$ 559,504	\$ 558,948	\$ 521,139	\$ 571,885
Net/(Expense)/Revenue:										
Governmental Activities	\$ (13,849,830)	\$ (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)
Business-Type Activities	(293)	(12,721)	(14,026)	(19,506)	(4,087)	(15,613)	(3,153)	(2,919)	2,337	(6,933)
Total District-Wide Net Expense	\$ (13,850,123)	\$ (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)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	FISCAL YEAR ENDING JUNE 30,									
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 9,541,312	\$ 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
Federal & State Aid Unrestricted	4,353,408	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
Tuition Received	68,244	15,100	-	-	-	54,019	4,965	13,844	-	15,925
Miscellaneous Income	210,094	364,097	82,416	158,903	215,073	216,651	181,782	90,407	108,784	236,214
Transfers	-	-	-	-	-	-	(3,000)	(5,000)	(5,000)	(8,000)
Unallocated Amortization	-	-	36,097	-	-	-	-	-	-	-
Decrease In Compensated Absences	-	16,354	27,220	-	-	-	-	-	-	-
Decrease In Post Retirement Benefits	4,400	900	4,400	-	-	-	-	-	-	-
Total Governmental Activities	14,177,458	14,407,442	13,569,748	14,397,765	14,653,834	14,377,705	13,661,643	14,132,757	13,351,791	13,670,653
Business-type Activities	8,766	9,084	5,162	6,603	4,283	7,599	4,757	15,415	17,279	14,564
Total District-Wide	\$ 14,186,224	\$ 14,416,526	\$ 13,574,910	\$ 14,404,368	\$ 14,658,117	\$ 14,385,304	\$ 13,666,400	\$ 14,148,172	\$ 13,369,070	\$ 13,685,217
Change in Net Position:										
Governmental Activities	327,628	995,865	804,666	249,404	715,698	554,963	362,024	370,263	(105,010)	(34,699)
Business-Type Activities	8,473	(3,637)	(8,864)	(12,903)	196	(8,014)	1,604	12,496	19,616	7,631
Total District	\$ 336,101	\$ 992,228	\$ 795,802	\$ 236,501	\$ 715,894	\$ 546,949	\$ 363,628	\$ 382,759	\$ (85,394)	\$ (27,068)

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 3,133,467	\$ 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
Unassigned	-	(112,767)	(452,651)	(119,941)	(142,103)	(81,712)	(93,338)	(171,280)	(686,961)	79,201
Total General Fund	\$ 3,133,467	\$ 2,675,355	\$ 2,282,577	\$ 1,953,662	\$ 1,797,361	\$ 1,498,998	\$ 965,897	\$ 522,239	\$ 748,914	\$ 889,588
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 138,921
Assigned, Reported in:										
Capital Project Fund	333,361	571,424	1,241,528	280,037	307,470	321,603	652,740	339,302	82,041	158,370
Debt Service Fund	3	3	3	2	23,884	14	19	6	5	-
Total All Other Governmental Funds	\$ 333,364	\$ 571,427	\$ 1,241,531	\$ 280,039	\$ 331,354	\$ 321,617	\$ 652,759	\$ 339,308	\$ 82,046	\$ 297,291

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 9,541,312	\$ 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
Tuition	68,244	15,100	-	-	-	54,019	4,965	13,844	-	15,925
Miscellaneous	210,094	364,097	172,548	158,903	215,073	216,651	181,782	90,407	120,084	229,513
State Sources	5,956,062	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
Federal Sources	249,130	264,839	245,965	251,434	276,322	383,390	290,618	983,966	219,458	219,681
Total Revenue	16,024,842	16,122,689	15,060,620	14,723,661	14,943,675	14,662,232	13,972,469	14,451,791	13,634,337	14,001,096
Expenditures:										
Instruction:										
Regular	3,906,222	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
Special Education	1,615,844	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
Other Special Instruction	244,414	301,921	273,493	253,207	246,391	170,328	165,951	202,658	201,474	161,451
Other Instruction	104,858	104,464	98,335	97,047	82,064	88,181	89,890	85,969	95,257	96,575
Support Services:										
Tuition	96,554	154,465	163,634	144,404	70,132	15,034	24,476	1,492	16,740	120,862
Attendance and Social Work Services	30,000	-	-	-	-	-	-	-	-	-
Health Services	127,016	118,586	111,970	109,412	149,524	-	-	-	-	-
Student & Instruction Related Services	942,816	912,981	839,431	859,396	850,276	1,140,588	1,145,964	1,219,665	1,137,230	1,173,178
Educational Media Services/School										
Library	238,756	240,487	222,307	228,681	222,675	-	-	-	-	-
General Administrative Services	371,840	371,097	352,888	361,677	298,499	538,075	599,817	593,731	602,727	575,409
School Administrative Services	459,899	480,375	467,195	450,404	446,278	530,672	598,470	589,113	537,880	539,601
Central Services	315,949	312,124	254,747	266,470	262,019	-	-	-	-	-
Plant Operations & Maintenance	1,190,428	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
Pupil Transportation	661,376	682,225	666,192	665,588	618,931	633,392	576,014	598,024	595,326	601,006
Employee Benefits	4,151,645	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
Capital Outlay	486,398	1,468,095	206,148	54,738	128,341	353,523	1,705,397	394,671	244,658	702,009
Debt Service:										
Principal	760,000	740,000	847,346	815,000	785,000	745,000	625,000	600,000	605,000	530,000
Interest & Other Charges	100,778	116,815	139,825	166,476	202,341	266,440	202,757	218,337	271,780	221,951
Total Expenditures	15,804,793	16,400,015	14,893,255	14,618,675	14,635,575	14,460,273	15,211,360	14,416,204	13,970,835	14,604,793
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	220,049	(277,326)	167,365	104,986	308,100	201,959	(1,238,891)	35,587	(336,498)	(603,697)
Other Financing Sources/(Uses):										
Lease-Purchase Agreement Proceeds	-	-	1,188,600	-	-	-	-	-	-	-
Cancellation of Grant Receivable	-	-	(65,558)	-	-	-	-	-	-	-
Operating Transfers In -	270,000	131,671	35,716	-	-	-	-	-	-	-
Operating Transfers (Out) -	(270,000)	(131,671)	(35,716)	-	-	-	-	-	-	-
Miscellaneous/Other	-	-	-	-	-	-	1,996,000	(5,000)	119,500	(1,299)
Total Other Financing Sources/(Uses)	-	-	1,123,042	-	-	-	1,996,000	(5,000)	119,500	(1,299)
Net Change in Fund Balances	\$ 220,049	\$ (277,326)	\$ 1,290,407	\$ 104,986	\$ 308,100	\$ 201,959	\$ 757,109	\$ 30,587	\$ (216,998)	\$ (604,996)
Debt Service as a Percentage of Noncapital Expenditures	6.0%	6.1%	7.2%	7.2%	7.3%	7.7%	6.5%	6.2%	6.8%	5.7%

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Interest on Investments	\$ 7,307	\$ 5,859	\$ 4,775	\$ 10,963	\$ 16,130	\$ 28,584	\$ 27,970	\$ 23,572	\$ 18,176	\$ 64,314
Sports/Club Fees	26,315	27,403	9,315	26,995	24,295	20,300	16,500	16,765	18,635	19,280
Prior Year Refunds	36,550	63,200	7,881	12,460	-	1,113	5,648	15,597	20,559	9,265
Miscellaneous	105,256	193,329	126,003	34,023	144,585	116,621	155,444	83,121	73,296	117,461
	\$ 175,428	\$ 289,791	\$ 147,974	\$ 84,441	\$ 185,010	\$ 166,618	\$ 205,562	\$ 139,055	\$ 130,666	\$ 210,320

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
2017	\$ 7,466,300	\$ 598,283,300	\$ 33,154,500	\$ 2,151,500	\$ 18,961,600	\$ 2,735,800	\$ 662,753,000	\$ 47,335,800	\$ 1,080,016	\$ 663,833,016	1.509	\$ 701,863,257
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

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE	
	LOCAL SCHOOL	REGIONAL SCHOOL	TOWNSHIP OF SHAMONG	MUNICIPAL OPEN SPACE	BURLINGTON COUNTY	COUNTY LIBRARY		COUNTY OPEN SPACE
2017	\$ 1,509	\$ 0,779	\$ 0,094	\$ 0,020	\$ 0,355	\$ 0,033	\$ 0,043	2,833
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

Source: Burlington County Board of Taxation

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

TAXPAYER	2017		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Taxpayer #1	\$2,750,900	1	0.415%
Fawn Lake LLC	2,517,400	2	0.380%
Third Garden Park LTD	2,400,000	3	0.362%
Taxpayer #2	1,415,600	4	0.214%
Verizon-New Jersey	1,080,016	5	0.163%
Taxpayer #3	1,070,100	6	0.162%
Wharton Acres LLC	1,020,000	7	0.154%
Taxpayer #4	951,900	8	0.144%
Taxpayer #5	937,000	9	0.141%
D.G. Sparacio Properties, LLC	896,300	10	0.135%
Total	<u>\$15,039,216</u>		<u>2.270%</u>

TAXPAYER	2008		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Verizon-New Jersey	\$1,403,061	1	0.352%
Third Garden Park LTD	873,300	2	0.219%
Fawn Lake LLC	637,500	3	0.160%
Taxpayer 4	617,200	4	0.155%
Taxpayer 5	607,900	5	0.152%
Taxpayer 6	600,200	6	0.150%
Taxpayer 7	590,400	7	0.148%
Taxpayer 8	585,300	8	0.147%
Taxpayer 9	576,000	9	0.144%
Taxpayer 10	560,000	10	0.140%
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 YEAR ENDED DECEMBER 31,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS
2016	\$ 18,190,594	\$ 17,933,281	98.59%	100%
2015	17,766,718	17,538,160	98.71%	100%
2014	16,677,587	16,468,708	98.75%	100%
2013	16,188,741	16,012,822	98.91%	100%
2012	16,298,677	16,025,068	98.32%	100%
2011	16,384,072	16,129,746	98.45%	100%
2010	16,281,962	16,038,535	98.50%	100%
2009	15,895,261	15,729,950	98.96%	100%
2008	15,698,799	15,450,230	98.42%	100%
2007	15,166,841	14,959,246	98.63%	100%

Source: Municipal Financial Statements

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Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the school District's outstanding debt and its debt capacity.

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

FISCAL DECEMBER 31, ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2017	\$ 2,054,000	\$ 713,160	\$	2,767,160	N/A	N/A
2016	2,814,000	950,880		3,764,880	N/A	\$ 583
2015	2,706,654	1,188,600		3,895,254	1.10%	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

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 YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2017	\$ 2,054,000	\$ -	\$ 2,054,000	0.31%	N/A
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

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Shamong Township	\$ 175,888	100.00%	\$ 175,888
Burlington County General Obligation Debt	314,942,084	1.50%	4,715,204
Lenape Regional High School	55,940,000	3.95%	2,208,530
Subtotal, Overlapping Debt			7,099,622
Shamong Township District Direct Debt			2,054,000
Total Direct & Overlapping Debt			<u>\$ 9,153,622</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 23,228,068	\$ 23,223,261	\$ 24,601,571	\$ 24,915,332	\$ 25,609,407	\$ 23,107,643	\$ 23,774,756	\$ 24,181,316	\$ 23,584,448	\$ 21,983,928
Total Net Debt Applicable to Limit	2,054,000	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
Legal Debt Margin	\$ 21,174,068	\$ 20,409,261	\$ 21,894,917	\$ 20,513,986	\$ 20,393,061	\$ 17,003,297	\$ 16,925,410	\$ 16,706,330	\$ 17,509,102	\$ 15,303,582
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.84%	12.12%	11.00%	17.67%	20.37%	26.42%	28.81%	30.91%	25.76%	30.39%

Legal Debt Margin Calculation for Fiscal Year 2016:

Equalized Valuation Basis:	
2016	\$ 663,833,016
2015	663,421,016
2014	663,723,231
	<u>\$ 1,990,977,263</u>
Average Equalized Valuation of Taxable Property	<u>\$ 663,659,088</u>
Debt Limit (3.5% of Average Equalization Value)	23,228,068
Net Bonded School Debt	<u>2,054,000</u>
Legal Debt Margin	<u>\$ 21,174,068</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 L district; other % limits would be applicable for other districts.

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Demographic and Economic Information

Demographic and Economic information is intended to (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District's operates.

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**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)
2017	N/A	N/A	N/A	N/A
2016	6,453	N/A	N/A	4.3%
2015	6,419	\$ 354,502,113	\$ 55,227	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%

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**

	2017		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	117	1	N/A
Total	117		N/A
	2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	121	1	N/A
Total	121		N/A

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Operation Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Teachers - General Fund	68.0	53.0	69.0	69.0	73.5	70.5	71.0	70.0	71.0	68.0
Teachers - Special Revenue	0.0	20.0	-	-	-	-	-	-	-	-
Classroom Aides	0.0	8.0	8.0	9.5	12.0	12.0	11.5	10.0	10.0	12.0
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	2.0	3.0	2.0	2.0
Guidance - Professional	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Child Study Team	3.0	4.0	3.0	3.0	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	1.0	0.8	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Media Services/Technology	4.0	4.0	3.8	5.0	3.0	3.0	3.0	3.0	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	0.0	-	-	-	-	-	-	-	-	-
General Administration Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals/Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Support	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services - Administrators	2.0	1.3	1.3	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Central Services - Support	2.5	2.5	2.5	3.3	2.2	2.2	2.2	1.0	1.0	1.0
Operations & Maintenance	13.0	13.0	13.0	13.0	12.5	13.5	13.5	14.0	14.0	14.0
Total	110.5	123.6	117.9	122.2	125.2	123.2	123.2	121.0	120.0	119.0

Source: District Annual Budget Statement Supporting Documentation

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	TEACHER/ PUPIL RATIO	ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2017	774	14,513,447	18,751	3.03%	63	1:10		776.6	740.8	11.64%	95.39%
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%

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.

c. Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

DISTRICT BUILDINGS	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Elementary Schools:										
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)	409	409	409	466	466	478	492	515	526	510
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)	391	391	391	436	436	430	427	421	417	424
Other Buildings:										
Sewer Plant (1991):										
Square Feet	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189
Garage at IMS (1953):										
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Garage at IMMS (1993):										
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500

Number of Schools at June 30, 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

YEAR	IMS	IMMS	OTHER FACILITIES	TOTAL
2017	\$ 74,417	\$ 97,042	\$ 94,401	\$ 265,860
2016	106,916	67,301	99,642	273,859
2015	84,012	98,524	103,397	285,933
2014	96,085	95,154	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

Source: District records

SHAMONG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
Unaudited

	COVERAGE	RETENTION	DEDUCTIBLE
School Package Policy (1):			
Building & Contents (All Locations)	\$150,000,000	250,000	500
Limits of Liability per Occurrence	0		0
Boiler & Machinery	125,000,000	None	1,000
Crime	500,000	250,000	500
General Automobile Liability	15,000,000	250,000	None
Educators Legal Liability	15,000,000	175,000	None
Workers' Compensation	Statutory	250,000	None
Pollution Legal Liability	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
Student Accident Insurance (2)	1,000,000	None	None
Surety Bonds (3)			
Treasurer	200,000		None
Board Secretary	100,000		None

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

(2) Haines and Hanines/TC Irons Agency

(3) Haines and Hanines/TC Irons Agency

Source: District records

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SINGLE AUDIT SECTION

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HOLMAN | FRENIA
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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 School District
County of Burlington
Shamong, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Shamong Township School District's basic financial statements, and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

Medford, New Jersey
November 1, 2017

EXHIBIT K-2

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

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

Report on Compliance for Each Major State Program

We have audited the Shamong Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The Shamong Township School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 the School District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the School District’s compliance.

Opinion on Each Major State Program

In our opinion, the 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, 2017.

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 the 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 New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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 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 1, 2017

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	ADJUSTMENT	(ACCOUNTS RECEIVABLE) 2017
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:										
Enterprise Fund:										
Child Nutrition Cluster:										
Cash in Lieu of Commodities	10.550	17INJ304N1099	\$ 16,034	7/1/16-6/30/17	\$ -	16,034	\$ (16,034)	\$ -	\$ -	-
National School Lunch Program	10.555	17INJ304N1099	46,246	7/1/16-6/30/17	-	43,324	(46,246)	-	-	(2,922)
National School Lunch Program	10.555	1616INJ304N1099	43,231	7/1/15-6/30/16	(9,018)	9,018	-	-	-	-
Healthy Hunger-Free Kids Act	10.551	17INJ304N1099	2,879	7/1/16-6/30/17	-	2,703	(2,879)	-	-	(176)
Healthy Hunger-Free Kids Act	10.551	1616INJ304N1099	3,088	7/1/15-6/30/16	(626)	626	-	-	-	-
Total Child Nutrition Cluster					(9,644)	71,705	(65,159)	-	-	(3,098)
Total Enterprise Fund Assistance					(9,644)	71,705	(65,159)	-	-	(3,098)
Total U.S. Department of Agriculture					(9,644)	71,705	(65,159)	-	-	(3,098)
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:										
Special Revenue Fund:										
N.C.L.B.:										
Title I - Part A	84.010	S010A160030	49,673	7/1/16-6/30/17	-	49,673	(49,673)	-	-	-
Title II - Part A, Improving Teacher Quality	84.367	S367A160029	10,900	7/1/16-6/30/17	-	10,900	(10,900)	-	-	-
Special Education Cluster:										
I.D.E.A. Part B, Basic Regular	84.027A	H027A160100	177,526	7/1/16-6/30/17	-	177,526	(177,526)	-	-	-
I.D.E.A. Preschool Program	84.173A	HI73A160114	11,031	7/1/16-6/30/17	-	11,031	(11,031)	-	-	-
Total Special Education Cluster			188,557		-	188,557	(188,557)	-	-	-
Total Special Revenue Fund Assistance					-	249,130	(249,130)	-	-	-
Total U.S. Department of Education					-	249,130	(249,130)	-	-	-
Total Federal Financial Assistance					\$ (9,644)	\$ 320,835	\$ (314,289)	\$ -	\$ -	(3,098)

SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	ADJUSTMENT	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	DEFERRED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017	MEMO		
													BUDGETARY RECEIVABLE AT JUNE 30, 2017	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:															
General Fund:															
State Aid Public:															
Equalization Aid															
Categorical Special Education Aid	495-034-5120-078	\$ 3,430,365	7/1/16-6/30/17	\$ -	\$ -	\$ 3,430,365	\$ (3,430,365)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (339,874)	\$ 3,430,365	
Categorical Security Aid	495-034-5120-089	507,214	7/1/16-6/30/17	-	-	507,214	(507,214)	-	-	-	-	-	(50,254)	507,214	
PARCC Readiness Aid	495-034-5120-084	65,308	7/1/16-6/30/17	-	-	65,308	(65,308)	-	-	-	-	-	(6,471)	65,308	
Per Pupil Growth Aid	495-034-5120-098	8,250	7/1/16-6/30/17	-	-	8,250	(8,250)	-	-	-	-	-	(817)	8,250	
Professional Learning Community Aid	495-034-5120-097	8,250	7/1/16-6/30/17	-	-	8,250	(8,250)	-	-	-	-	-	(817)	8,250	
Total State Aid Public	495-034-5120-101	7,420	7/1/16-6/30/17	-	-	7,420	(7,420)	-	-	-	-	-	(735)	7,420	
Categorical Transportation Aid	495-034-5120-014	224,964	7/1/16-6/30/17	-	-	224,964	(224,964)	-	-	-	-	-	(22,289)	224,964	
Extrordinary Aid	495-034-5120-044	42,755	7/1/16-6/30/17	-	-	42,755	(42,755)	-	-	-	-	-	-	42,755	
Excess Non-Public Transportation Costs	495-034-5120-044	12,195	7/1/15-6/30/16	(12,195)	-	12,195	(42,755)	-	-	-	-	-	-	-	
On-Behalf TPAF Post-Retirement	495-034-5120-014	3,306	7/1/16-6/30/17	(2,431)	-	2,431	(3,306)	-	-	-	-	-	-	3,306	
Medical (Nonbudgeted)	495-034-5094-001	518,209	7/1/16-6/30/17	-	-	518,209	(518,209)	-	-	-	-	-	-	518,209	
Contributions (Nonbudgeted)	495-034-5094-002	621,930	7/1/16-6/30/17	-	-	621,930	(621,930)	-	-	-	-	-	-	621,930	
On-Behalf TPAF Long-Term Disability Insurance	495-034-5094-004	1,581	7/1/16-6/30/17	-	-	1,581	(1,581)	-	-	-	-	-	-	1,581	
Reimbursed TPAF Social Security	100-034-5095-003	427,849	7/1/16-6/30/17	-	-	406,767	(427,849)	-	-	-	-	-	(21,082)	427,849	
Contribution (Non-Budgeted)	100-034-5095-003	412,509	7/1/15-6/30/16	(20,296)	-	20,296	-	-	-	-	-	-	-	-	
Reimbursed TPAF Social Security															
Contribution (Non-Budgeted)															
Total General Fund Assistance				(34,922)	-	5,835,180	(5,867,401)	-	-	(67,143)	-	-	(421,257)	5,867,401	
Capital Projects Fund:															
SDA Grant #G5-5018	4740-055-14-1013	52,400	7/1/14-6/30/17	(2,122)	-	1,722	-	-	-	(400)	-	-	-	-	
SDA Grant #G5-5017	4740-055-14-1012	91,000	7/1/14-6/30/17	(79,322)	-	82,222	(9,865)	-	-	(6,965)	-	-	-	9,865	
SDA Grant #G5-5015	4740-050-14-1005	476,800	7/1/14-6/30/17	(29,369)	-	44,945	(36,360)	-	-	(65,729)	-	-	-	36,360	
SDA Grant #G5-5013	4740-050-14-1003	104,600	7/1/14-6/30/17	(90,293)	-	2,688	(12,484)	-	-	(57,832)	-	-	-	12,484	
SDA Grant #G5-5014	4740-050-14-1004	67,600	7/1/14-6/30/17	(3,088)	-	2,688	-	-	-	(400)	-	-	-	-	
Total Capital Projects Fund Assistance				(204,194)	-	131,577	(58,709)	-	-	(131,356)	-	-	-	58,709	
Debt Service Fund:															
Debt Service Type II	495-034-5120-125	30,694	7/1/16-6/30/17	-	-	30,694	(30,694)	-	-	-	-	-	-	30,694	
Total Debt Service Fund Assistance															
Total State Department of Education				(239,116)	-	5,997,451	(5,956,804)	-	-	(198,469)	-	-	(421,257)	5,956,804	
State Department of Agriculture:															
Enterprise Fund:															
National School Lunch Program	100-010-3360-067	2,090	7/1/16-6/30/17	(451)	-	1,961	(2,090)	-	-	(129)	-	-	-	2,090	
National School Lunch Program	100-010-3360-067	2,283	7/1/15-6/30/16	-	-	451	-	-	-	-	-	-	-	-	
Total Enterprise Fund Assistance				(451)	-	2,412	(2,090)	-	-	(129)	-	-	-	2,090	
Total State Department of Agriculture				(451)	-	2,412	(2,090)	-	-	(129)	-	-	-	2,090	
Total State Financial Assistance				\$ (239,567)	\$ -	\$ 5,999,863	\$ (5,958,894)	\$ -	\$ -	\$ (198,598)	\$ -	\$ -	\$ (421,257)	\$ 5,958,894	
Less: Grants Not Subject to Major Program Determination															
On-Behalf TPAF Post-Retirement	495-034-5094-001	518,209	7/1/16-6/30/17				518,209								
Medical (Nonbudgeted)															
On-Behalf TPAF Pension	495-034-5094-002	621,930	7/1/16-6/30/17				621,930								
Contributions (Nonbudgeted)															
On-Behalf TPAF Long-Term Disability Insurance	495-034-5094-004	1,581	7/1/16-6/30/17				1,581								
Contributions (Nonbudgeted)															
Total State Financial Assistance Subject to Major Program Determination							\$ (4,817,174)								

**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Shamong Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

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.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(742) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 5,866,659	\$ 5,866,659
Special Revenue Fund	249,130	-	249,130
Capital Projects Fund	-	58,709	58,709
Debt Service Fund	-	30,694	30,694
Food Service Fund	65,159	2,090	67,249
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 314,289</u>	<u>\$ 5,958,152</u>	<u>\$ 6,272,441</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Shamong Township School District had no loan balances outstanding at June 30, 2017.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes none reported

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 Uniform Guidance? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

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

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	State Aid - Public:
<u>495-034-5120-084</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Security Aid</u>
<u>495-034-5120-097</u>	<u>Special Education Categorical Aid</u>
<u>495-034-5120-098</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-101</u>	<u>PARCC Readiness Aid</u>
	<u>Professional Learning Community Aid</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

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

None.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.