

SCHOOL DISTRICT

OF

SHREWSBURY

**SHREWSBURY BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY**

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

Revised June 12, 2018

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

SHREWSBURY BOARD OF EDUCATION

SHREWSBURY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

**SHREWSBURY BOARD OF EDUCATION
BUSINESS ADMINISTRATOR/BOARD SECRETARY**

SHREWSBURY SCHOOL DISTRICT

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INTRODUCTORY SECTION

Shrewsbury Borough Board of Education

Debora A. Avento
Business Administrator
20 Obre Place
Shrewsbury, New Jersey 07702

Telephone (732) 747-0887
Fax (732) 747-0889

December 1, 2017

Honorable President and
Members of the Board of Education
Shrewsbury School District
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Shrewsbury School District ("District") for the fiscal year ended June 30th, 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 Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Shrewsbury School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Board of Education and the Shrewsbury Borough School constitute the District's reporting entity.

The District provides a full range of educational services (regular and special) appropriate to grade levels Pre-K through 8. The District has an in-house Pre-School Tuition Program and has now developed a Pre-School Disabled ABA program in order to possibly take in tuition students from other districts that do not have that program as an option. The District completed the 2016-17 fiscal year with an enrollment of 505 students.

The following details the changes in the student enrollment of the District over the last twenty years.

1. REPORTING ENTITY AND ITS SERVICES (Continued:)

<u>Fiscal Year Student</u>	<u>Average Daily Enrollment</u>	<u>Percent Changes</u>
2016/17	505	(1.37%)
2015/16	512	6%
2014/15	483	(1.0%)
2013/14	489	.41%
2012/13	487	(.41%)
2011/12	489	(.004%)
2010/11	491	(.034%)
2009/10	508	1.2%
2008/09	502	.8%
2007/08	498	(2.8%)
2006/07	512	0%
2005/06	512	(.031%)
2004/05	528	(5.04%)
2003/04	556	1.46%
2002/03	548	2.19%
2001/02	536	(.37%)
2000/01	538	1.13%
1999/00	532	3.86%
1998/99	512	8.02%
1997/98	474	3.26%

2. ECONOMIC CONDITION AND OUTLOOK:

The Shrewsbury Borough Public School System is located in the east central part of Monmouth County. The Borough covers 2.2 square miles and as per the June 30th, 2017 Monmouth County Planning Board estimates, has a population of approximately 4,181 who reside mainly in single-family homes.

The school system is a Pre-K through 8 grade District with one school building. The student population as of June 30, 2017 of 505 students includes two (2) full day kindergarten classes, a Pre-School Tuition Program, two out of district tuition students and one out of district placement for ELL and two out of district placements for special education.

3. MAJOR INITIATIVES:

In the 2016-17 school year, the Board and Administration continued to review various maintenance projects on the school grounds that due to general aging over the last few years had become somewhat of a safety concern.

In order to stay ahead of this concern, the Board and Administration held several Strategic Planning sessions during the previous school year. The meetings engaged the public and enabled the community to voice their opinions and concerns about the district. The ideas and requests from the community for the future of the school, the school district and the community were formed into a referendum project that was presented for a vote on December 13th, 2016. The vote failed by a two to one margin. The Board and the Administration are currently regrouping and looking into several state initiatives to see what projects the district qualifies for in order to remediate some of the building concerns.

3. MAJOR INITIATIVES: (Continued)

The trip to Washington for the eighth grade was spectacular, with 63 students spending three nights and four days in our nation's capital. The seventh grade trip to Broadway highlighted the play "Aladdin".

The Board and the Administration are constantly reviewing district programs that benefit both regular and special education students in order to improve the delivery of instruction to every child. Extensive Professional Development for the teaching staff continued and focused on Co-Teaching Models and Differentiated Instruction. The state mandated RCI professional development requirement continued throughout the 2016-2017 school year.

The district also continued our participation in a national anti-bullying program called Peace Builders. This program encompassed school wide initiatives to promote Character Education. Red Ribbon week is an anti-drug awareness week that partners with the School and Community Alliance and promotes Character Education as well. Both of these programs have been extremely well received and are now a staple in district. The district will continue these programs in the 2017-2018 school year.

The district also continued to administer the 2016-2017 PARCC (Partnership for Assessment of Readiness for College and Careers) testing. The technology initiatives implemented by the district paid off and the district was able to implement the test in a more efficient manner.

4. INTERNAL ACCOUNTING CONTROLS:

The Administration of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. They also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles ("GAAP").

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by the Administration.

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

As part of the District's single audit described earlier, tests are conducted to determine the adequacy of the internal control structure which include reporting related to the federal and state financial assistance programs and reporting measures to the county and state to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriation of the district's budget. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The district has stayed within the 2% budget cap on the General Fund since the cap was imposed by the New Jersey Department of Education. The final budget amount as amended for the 2016-2017 fiscal year is reflected in the financial section.

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance including, but not limited to, general liability, errors and omissions, automobile liability, comprehensive/collision, hazard, theft insurance on property and contents, fidelity bonds, and workman's compensation in compliance with state statutes.

9. OTHER INFORMATION:


Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of Robert A. Hulsart and Company was selected by the Board to conduct the 2016-2017 school district audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

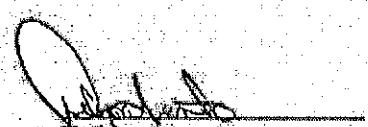
10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the Members of the Board for their continued support and commitment to excellence while maintaining a delicate balance of supporting high quality innovative programs and remembering its fiscal responsibility to the taxpayers of Shrewsbury.

The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting support staff.

Respectfully Submitted,


Brent MacConnell
Superintendent


Debora Avento
Business Administrator

**SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Karolanné Konefal, President	2017
Mary Ellen Laughlin, Vice President	2018
Carolyn Barber	2019
Jessica Groom	2019
Karen Hepburn-Goldberg	2019
Pamela Hemel	2018
Kimberly Rose	2017
Donald Sweeney	2018
Andrew White	2017

Other District Officials:

Brent MacConnell, Superintendent
Debora Avento, Business Administrator
William Donio, Esquire, Cooper Levenson Attorneys at Law, Board Attorney
Loretta Hill, Treasurer

SHREWSBURY BOROUGH BOARD OF EDUCATION
SHREWSBURY, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2017

Auditor/Audit Firm:

Robert A. Hulsart
Robert A. Hulsart & Company
2807 Hurley Pond Rd # 100
Wall Township, NJ 07719

Attorney:

William S. Donio, Esquire
Cooper Levenson, Attorneys at Law
1125 Atlantic Avenue
Atlantic City, NJ 08401

Official Depositories:

TD Bank
First Union National Bank
Chase Manhattan The Depository Trust Co.
The Bank of NY

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

7.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Shrewsbury School District
County of Monmouth
Shrewsbury, 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 Board of Education of the Shrewsbury School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. 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 entity'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 entity'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 Board of Education of the Shrewsbury School District, in the County of Monmouth, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has 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 it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017 on our consideration of the Shrewsbury's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Shrewsbury Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

December 1, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

SHREWSBURY BOROUGH PUBLIC SCHOOL DISTRICT

BOROUGH OF SHREWSBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The Management's Discussion and Analysis (MD&A) of Shrewsbury Board of Education provide an overview of the School District financial activities for the fiscal year ended June 30, 2017. The intent of the this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal, which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

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

Financial Highlights

Key financial highlights for the 2016-2017 fiscal year are as follows:

- The School District had \$9,237,844 in expenses; only \$213,010 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide for these programs.
- The local tax levy decreased from 2015-2016 by \$147,776 to \$7,649,492 (including debt service) primarily due to reductions in Debt Service.
- On a budgetary basis, the unreserved, undesignated general fund balance is at 2% in the amount of \$252,552 per the imposed restriction of S1701.
- As in the prior year, per the state, the District was not permitted to record the 2016-2017 final state aid payments as a receivable or revenue in this fiscal year. The final state aid payments were received in July 2017.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Shrewsbury Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Shrewsbury Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2016-2017 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Statement of Net Position and the Statement of Activities (Continued)

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major (all) funds begin with Exhibit A-1. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net position as of June 30, 2017 and 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and Other Assets	\$ 1,468,887	1,027,949
Capital Assets, Net	<u>5,858,549</u>	<u>5,999,281</u>
Total Assets	<u>\$ 7,327,436</u>	<u>7,027,230</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 1,387,106</u>	<u>930,357</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 142,229</u>	<u>45,992</u>
<u>Liabilities</u>		
Current Liabilities	\$ 661,975	332,765
Other Liabilities	<u>4,736,357</u>	<u>4,312,782</u>
Total Liabilities	<u>\$ 5,398,332</u>	<u>4,645,547</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ 4,488,549	4,419,281
Restricted	794,843	696,522
Unrestricted	<u>(2,109,411)</u>	<u>(1,849,755)</u>
Total Net Position	<u>\$ 3,173,981</u>	<u>3,266,048</u>

Table 2 shows the changes in net position for fiscal year 2017. Revenue and expense comparisons to fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
General Revenues		
Property Taxes	\$ 7,398,735	7,253,662
Taxes Levied for Debt Service	250,757	543,606
Grants and Entitlements	1,246,759	245,762
Other	<u>56,887</u>	<u>123,832</u>
Total Revenues	<u>8,953,138</u>	<u>8,166,862</u>
<u>Program Expenses</u>		
Instruction:		
Regular	2,831,053	3,406,323
Special Education	853,343	1,007,152
Other Instruction	106,375	120,277
Support Services:		
Student and Instructional Related Services	959,446	1,117,916
School Administration	91,371	128,978
General Administration	743,656	783,956
Operations and Maintenance of Facilities	523,573	723,819
Pupil Transportation	85,193	91,684
Unallocated Benefits	2,459,655	
Interest on Debt	39,181	66,890
Food Service	3,853	
Unallocated Depreciation	<u>331,988</u>	<u>326,788</u>
Total Expenses	<u>9,028,687</u>	<u>7,773,783</u>
Increase (decrease) in Net Position	<u>\$ (75,549)</u>	<u>393,079</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 83% percent of revenues for governmental activities including debt service for the Shrewsbury Borough Public School District for fiscal year 2017. The District's total revenues were \$8,953,138 for the fiscal year ended June 30, 2017. Federal, state and local grants accounted for another 17%.

Business-Type Activities

Revenues for the District's business-type activities (food service) were comprised of charges for services and federal and state reimbursements.

- Food service expenses were over revenues by \$3,853.
- Charges for services represent \$13,368 of revenue. This represents amount paid by patrons for daily food services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the taxpayers of Shrewsbury Borough and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the district, and assess further the district's overall financial health.

As the School Board completed the fiscal year ended June 30, 2017, it reported a combined net position balance of \$3,173,981.

The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the district revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the district's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The structuring of the debt during the April 1, 2002 bond issue was designed to maintain the current debt service level with principal and interest payments. The Debt Service will have level payments over the remaining years, unless additional debt service is incurred in future years. (The 2002 issue was refunded in 2012 creating an additional savings).

Capital Assets

At June 30, 2017, the School Board had approximately \$5,864,638 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2017 fiscal year.

	<u>Governmental Activities</u>
Table II	
Capital Assets at June 30, 2017	
Land	\$ 69,345
Buildings & Sites	5,410,625
Machinery and Equipment	<u>384,668</u>
Total	<u>\$ 5,864,638</u>

Debt Administration

At June 30, 2017, the School District had \$1,370,000 of outstanding debt.

Economic Factors and Next Year's Budget

The Shrewsbury Borough School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Shrewsbury is primarily a residential community. Although a town-wide revaluation adjusted the ratables significantly during the prior year, increases in future ratables are limited. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

For the 2016-2017 school year, the Shrewsbury School District was able to sustain its general fund budget through the local tax levy, state education aid, federal aid and local revenue sources. Approximately 83% of the district's total revenue is from local tax levy, 15% is from State Aid and Federal Aid, and 2% is made up of local revenues.

Economic Factors and Next Year's Budget (Continued)

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Shrewsbury Borough Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. Although future decreases in state aid will place an additional burden on the taxpayers of Shrewsbury Borough, the School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Debi Avento, School Business Administrator/Board Secretary at The Shrewsbury Borough Board of Education, 20 Obre Place, Shrewsbury, New Jersey 07702.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

SHREWSBURY SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	10,429	10,429
Receivables, Net	460,382		460,382
Restricted Assets:			
Cash and Cash Equivalents	482,016		482,016
Cash-Capital Reserve	98,219		98,219
Capital Assets, Net			
Non-Depreciable	69,345		69,345
Depreciable	5,789,204	6,089	5,795,293
Total Assets	<u>\$ 6,899,166</u>	<u>16,518</u>	<u>6,915,684</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>\$ 1,387,106</u>		<u>1,387,106</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>\$ 142,229</u>		<u>142,229</u>
<u>Liabilities</u>			
Accounts Payable	\$ 18,705		18,705
Noncurrent Liabilities:			
Due Within One Year	215,000		215,000
Due Beyond One Year	4,736,357		4,736,357
Total Liabilities	<u>\$ 4,970,062</u>	<u>-</u>	<u>4,970,062</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	\$ 4,488,549		4,488,549
Restricted For:			
Capital Projects	10,174		10,174
Debt Service	4,002		4,002
Other Purposes	790,842		790,842
Unrestricted	(2,119,586)	16,518	(2,103,068)
Total Net Position	<u>\$ 3,173,981</u>	<u>16,518</u>	<u>3,190,499</u>

The accompanying notes to financial statements are an integral part of this statement.

SHREWSBURY SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 2,831,053			(2,831,053)		(2,831,053)
Special Education	964,252		110,909	(853,343)		(853,343)
Other Instruction	106,375			(106,375)		(106,375)
Support Services:						
Tuition	42,389	42,389		-		-
Student & Instruction Related Services	1,019,158		59,712	(959,446)		(959,446)
School Administrative Services	91,371			(91,371)		(91,371)
General and Business Administrative Services	743,656			(743,656)		(743,656)
Plant Operations and Maintenance	523,573			(523,573)		(523,573)
Pupil Transportation	85,193			(85,193)		(85,193)
Unallocated Benefits	2,459,655			(2,459,655)		(2,459,655)
Interest on Long-Term Debt	39,181			(39,181)		(39,181)
Unallocated Depreciation	331,988			(331,988)		(331,988)
Total Government Activities	9,237,844	42,389	170,621	(9,024,834)	-	(9,024,834)
Business-Type Activities:						
Enterprise Funds	17,221	13,368			(3,853)	(3,853)
Total Business-Type Activities	17,221	13,368	-	-	(3,853)	(3,853)
Total Primary Government	9,255,065	55,757	170,621	(9,024,834)	(3,853)	(9,028,687)

SHREWSBURY SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	7,398,735		7,398,735
Taxes Levied for Debt Service	250,757		250,757
Federal and State Aid Not Restricted	1,246,759		1,246,759
Miscellaneous Income	56,887		56,887
Total General Revenues, Special Items and Transfers	<u>8,953,138</u>	<u>-</u>	<u>8,953,138</u>
Change in Net Position	(71,696)	(3,853)	(75,549)
Net Position - Beginning	<u>3,245,677</u>	<u>16,518</u>	<u>3,262,195</u>
Net Position - Ending	<u>\$ 3,173,981</u>	<u>12,665</u>	<u>3,186,646</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 576,233			4,002	580,235
Receivables from Other Governments	16,942	4,996	438,444		460,382
Interfund Receivable	428,270				428,270
Total Assets	<u>\$ 1,021,445</u>	<u>4,996</u>	<u>438,444</u>	<u>4,002</u>	<u>1,468,887</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -	4,996		-	4,996
Interfunds Payable			428,270		428,270
Total Liabilities	<u>-</u>	<u>4,996</u>	<u>428,270</u>	<u>-</u>	<u>433,266</u>
Fund Balance:					
Restricted To:					
Excess Surplus - Current Year	25,000				25,000
Excess Surplus - Designated for Subsequent Year's Expenditures	216,106				216,106
Maintenance Reserve	170,005				170,005
Capital Reserve	156,187				156,187
Assigned:					
Designated for Subsequent Years Expenditures	18,822			4,001	22,823
Other Purposes	204,722				204,722
Unassigned:					
General Fund	230,603				230,603
Capital Projects Fund	-		10,174		10,174
Debt Service				1	1
Total Fund Balances	<u>1,021,445</u>	<u>-</u>	<u>10,174</u>	<u>4,002</u>	<u>1,035,621</u>
Total Liabilities and Fund Balance	<u>\$ 1,021,445</u>	<u>4,996</u>	<u>438,444</u>	<u>4,002</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,980,063 the accumulated depreciation is \$5,121,514 .

5,858,549

Deferred outflow of resources - contributions to the pension plan

1,387,106

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(142,229)

Accrued Interest

(13,709)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(4,951,357)

Net position of governmental activities

\$ 3,173,981

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

SHREWSBURY SCHOOL DISTRICT

**Exhibit B-2
Sheet 1 of 2**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 7,398,735			250,757	7,649,492
Tuition	96,927				96,927
Miscellaneous	2,349				2,349
Total Local Sources	<u>7,498,011</u>	<u>-</u>	<u>-</u>	<u>250,757</u>	<u>7,748,768</u>
State Sources	1,246,759	22,648			1,269,407
Federal Sources		147,973			147,973
Total Revenues	<u>8,744,770</u>	<u>170,621</u>	<u>-</u>	<u>250,757</u>	<u>9,166,148</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	2,831,053				2,831,053
Special Education Instruction	853,343	110,909			964,252
Other Instruction	106,375				106,375
Support Services and Undistributed Costs:					
Tuition	42,389				42,389
Student and Instruction Related Services	959,446	59,712			1,019,158
School Administrative Services	91,371				91,371
Other Administrative Services	743,656				743,656
Plant Operations and Maintenance	650,188				650,188
Pupil Transportation	85,193				85,193
Unallocated Benefits	2,287,045				2,287,045
Capital Outlay	72,084				72,084
Debt Service Principal				210,000	210,000
Interest on Debt Service				40,756	40,756
Total Expenditures	<u>8,722,143</u>	<u>170,621</u>	<u>-</u>	<u>250,756</u>	<u>9,143,520</u>

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

SHREWSBURY SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>22,627</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>22,628</u>
Net Change in Fund Balances	22,627	-	-	1	22,628
Fund Balance - July 1	<u>998,818</u>	<u>-</u>	<u>10,174</u>	<u>4,001</u>	<u>1,012,993</u>
Fund Balance - June 30	<u><u>\$ 1,021,445</u></u>	<u><u>-</u></u>	<u><u>10,174</u></u>	<u><u>4,002</u></u>	<u><u>1,035,621</u></u>

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

SHREWSBURY SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 22,628
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.		
Capital Outlay	198,699	
Depreciation Expense	<u>(331,988)</u>	
		(133,289)
Repayment of bond principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities		210,000
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		562,202
Pension related deferrals		(96,237)
Net Pension Liability		(655,075)
Compensated Absences		16,500
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		<u>1,575</u>
Change in Net Position of Governmental Activities		<u>\$ (71,696)</u>

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

SHREWSBURY SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit B-4

PROPRIETARY FUNDS**JUNE 30, 2017**

	<u>Business-Type Activities Enterprise Funds</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 10,429
Total Current Assets	<u>10,429</u>
Noncurrent Assets:	
Equipment	21,397
Less: Accumulated Depreciation	<u>(15,308)</u>
Total Noncurrent Assets	<u>6,089</u>
Total Assets	<u>\$ 16,518</u>
 <u>Net Position</u>	
Unrestricted	<u>\$ 16,518</u>
Total Net Position	<u>\$ 16,518</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2017

	<u>Business-Type Activities Enterprise Funds</u>
Operating Revenues:	
Local Sources:	
Daily Sales:	
School Lunch Program	\$ 13,368
Total Operating Revenue	<u>13,368</u>
Operating Expenses:	
Cost of Sales	9,921
Depreciation	1,354
Supplies	5,946
Total Operating Expenses	<u>17,221</u>
Change in Net Position	(3,853)
Net Position, July 1	<u>20,371</u>
Net Position, June 30	<u>\$ 16,518</u>

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

SHREWSBURY SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2017

	<u>Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,368
Payments to Suppliers & Miscellaneous	<u>(15,867)</u>
Net Cash Used by Operating Activities	<u>(2,499)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,499)
Cash and Cash Equivalents July 1	<u>12,928</u>
Cash and Cash Equivalents June 30	<u>\$ 10,429</u>
Cash Flows from Operating Activities:	
Operating Income (Loss)	<u>\$ (2,499)</u>
Net Cash Used by Operating Activities	<u>\$ (2,499)</u>

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

SHREWSBURY SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

FIDUCIARY FUNDSJUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 2,100	225,017
Total Assets	<u>\$ 2,100</u>	<u>225,017</u>
Liabilities:		
Payroll Deductions and Withholdings		225,017
Total Liabilities		<u>225,017</u>
Net Position:		
Held in Trust for Unemployment Claims and Other Purposes	\$ 2,100	
Total Net Position	<u>\$ 2,100</u>	

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

SHREWSBURY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Other	\$ 16,074
Total Contributions	<u>16,074</u>
<u>Deductions</u>	
Unemployment Claims	<u>19,125</u>
Total Deductions	<u>19,125</u>
Change in Net Position	(3,051)
Net Position - Beginning of Year	<u>5,151</u>
Net Position - End of the Year	<u>\$ 2,100</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
SHREWSBURY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Shrewsbury Borough School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Shrewsbury Borough School District is a Type II district located in the County of Monmouth, 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. The purpose of the district is to educate students in grades K-8.

The students Grades 9-12 are educated by the Red Bank High School District of which Shrewsbury Borough is a member.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government 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

B. Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government as defined by GASB-14 (The Financial Reporting Entity) and therefore encompass the primary government and its component units except for fiduciary funds of the primary government and component units that are fiduciary in nature. Financial statements of fiduciary funds are not presented in the government-wide financial statements but are included in the fund financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll, Payroll Agency, Student Activities Fund and Tuition Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. 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 for review and approval. 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(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

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 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 following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at 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 payment.

F. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District utilized a program developed by ASBO during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2003, fiscal year 2003 depreciation expense, total accumulated depreciation and book values were also provided and have been updated annually through June 30, 2017. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective amounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District currently uses Industrial Appraisal Company to maintain and update the fixed asset accounting records. An update was completed for 2008-2009. The District provided updates for 2016-2017.

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

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$ 69,345	_____	_____	69,345
Depreciable Assets:				
Sites	714,744			714,744
Buildings	8,904,564	176,803		9,081,367
Machinery & Equipment	<u>1,092,711</u>	<u>21,896</u>	_____	<u>1,114,607</u>
Total	<u>10,712,019</u>	<u>198,699</u>	_____	<u>10,910,718</u>
Less: Accumulated Depreciation:				
Sites	(186,107)	(36,275)		(222,382)
Buildings	(3,941,394)	(221,710)		(4,163,104)
Machinery & Equipment	<u>(662,025)</u>	<u>(74,003)</u>	_____	<u>(736,028)</u>
Total Accumulated Depreciation	<u>(4,789,526)</u>	<u>(331,988)</u>	_____	<u>(5,121,514)</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Net Depreciable Assets	<u>5,922,493</u>	<u>(133,289)</u>	<u> </u>	<u>5,789,204</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,991,838</u>	<u>(133,289)</u>	<u> </u>	<u>5,858,549</u>
Business-Type Activities:				
Equipment	\$ 21,397			21,397
Less: Accumulated Depreciation For:				
Equipment	<u>(13,946)</u>	<u>(1,362)</u>	<u> </u>	<u>(15,308)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,451</u>	<u>(1,362)</u>	<u> </u>	<u>6,089</u>

Depreciation expense was charged to governmental functions as follows:

Unallocated	<u>\$ 331,988</u>
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J. Deferred Revenue

Deferred revenue in the special revenue fund represents cash, which has been received but not yet earned. See note 1(e) regarding the special revenue fund.

K. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

L. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Grants, entitlements, or shared revenues which are restricted for the acquisition or construction of capital assets are also recorded as contributed capital. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

NOTE 1: Summary of Significant Accounting Policies (Continued)**M. Tuition Receivable**

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

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost or amortized cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Investments (Continued)**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

FDIC	\$ 250,000
GUPDA	<u>817,393</u>
	<u>\$ 1,067,393</u>

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Interest Bearing Checking Accounts	<u>\$ 883,904</u>

The carrying amount of the District's cash and cash equivalents and investments at June 30, 2017 was \$883,904 and the bank balance was \$1,067,393. Of the bank balance, \$250,000 was covered by federal depository insurance and \$817,393 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Long-Term</u> <u>Portion</u>	<u>2016-17</u> <u>Payment</u>
Pension Liability	\$ 2,860,532	655,075		3,515,607	3,515,607	
Compensated Absences Payable	82,250		(16,500)	65,750	65,750	
Bonds Payable	<u>1,580,000</u>		<u>(210,000)</u>	<u>1,370,000</u>	<u>1,155,000</u>	<u>215,000</u>
	<u>\$ 4,522,782</u>	<u>655,075</u>	<u>(226,500)</u>	<u>4,951,357</u>	<u>4,736,357</u>	<u>215,000</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

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

Year Ending Jun	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 215,000	36,556	251,556
2019	220,000	32,256	252,256
2020	225,000	27,856	252,856
2021	230,000	23,075	253,075
2022	235,000	15,600	250,600
2023	<u>245,000</u>	<u>7,963</u>	<u>252,963</u>
	<u>\$ 1,370,000</u>	<u>143,306</u>	<u>1,513,306</u>

Bonds issued 1/24/12 at interest from 2% to 3.25 % maturing 2/15/23 with a balance of \$1,370,000 at 6/30/17.

NOTE 4: Pension Plans

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

NOTE 4: Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

NOTE 4: Pension Plans (Continued)

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2017, the State of New Jersey contributed \$729,681 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$273,501 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/17	\$ 106,737	100%	0
6/30/16	109,555	100%	0
6/30/15	87,740	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year	Annual	Percentage	Net
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/17	\$ 729,681	100%	0
6/30/16	589,830	100%	0
6/30/15	491,466	100%	0

NOTE 4: Pension Plans (Continued)**Pension Expense Deferred Outflows/Inflows – PERS**

For the year ended June 30, 2017, the District recognized pension expense of \$106,737. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 65,380	
Changes of Assumptions	728,246	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	134,053	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	352,690	142,229
District Contributions Subsequent to the Measurement Date	<u>106,737</u>	<u> </u>
Total	<u>\$ 1,387,106</u>	<u>142,229</u>

\$1,387,106 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2016 and 2015 are as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Collective Deferred Outflows of Resources	\$ 1,387,106	930,357
Collective Deferred Inflows of Resources	142,229	45,092
Collective Net Pension Liability	3,515,607	2,860,532
District's Proportion	.01187%	.01274%

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

	2016		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 36,295,189,928	49,474,698,146	85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$ 29,390,685,705</u>	<u>29,617,131,759</u>	<u>59,007,817,464</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.02%	40.14%	31.20%

	2015		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%

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 actuarial 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%

NOTE 4: Pension Plans (Continued)

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement 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 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 scale. 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.

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. Best estimates of arithmetic real 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:

<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 US 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 US	5.00%	-0.25%
REIT	5.25%	5.63%

NOTE 4: Pension Plans (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the 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 municipal 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 years. State employer 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 Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2016		
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>
	2015		
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 101,746,770,000	89,182,662,000
Plan Fiduciary Net Position	<u>22,717,862,967</u>	<u>25,604,797,560</u>
Net Pension Liability	<u>\$ 79,028,907,033</u>	<u>63,577,864,440</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2016</u>	<u>2015</u>
District's Liability	<u>\$ 26,454,031</u>	<u>22,205,105</u>
District's Proportion	.03347%	.03493%

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 improvements on a 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.

NOTE 4: Pension Plans (Continued)**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. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign – Developed Equity	13.25%	5.91%
Emerging Markets Equity	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. This single blended discount rate was based on the 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 municipal 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.

NOTE 4: Pension Plans (Continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2016 (2.22%, 3.22%, 4.22%)	\$ 94,378,176,033	79,028,907,033	66,494,248,033
2015 (3.13%, 4.13%, 5.13%)	75,559,915,440	63,577,864,440	53,254,610,440

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides 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.

NOTE 6: 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 right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's 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 the District's agreements with the various employee unions.

NOTE 7: 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, and student accident and surety bonds.

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 the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Ending Balance</u>
2016-2017	None	16,074	19,125	2,100
2015-2016	None	25,269	24,192	5,151
2014-2015	None	9,172	8,882	4,074

NOTE 8: Economic Dependency

The District receives 13% of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District’s programs and activities.

NOTE 9: Contingent Liabilities

It is the opinion of the school board officials that there is no litigation threatened or pending that would materially affect the financial position of the school district.

NOTE 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2017.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 428,270	
Capital Project Fund		428,270

The interfund with Capital Projects will be liquidated when the balance of the state receivables are received.

NOTE 11: Fair Values of Financial Instruments

The following methods and assumptions were used by the Shrewsbury Board of Education in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 12: 2% Calculation of Excess Surplus

2016-17 Total General Fund Expenditures Per the CAFR	\$ 8,722,143
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(1,003,182)</u>
Adjusted 2016-2017 General Fund Expenditures	<u>\$ 7,718,961</u>
2% of Adjusted 2015-16 General Fund Expenditures	<u>\$ 154,379</u>
Enter Above or \$250,000, whichever is greater	\$ 250,000
Increased by Allowable Adjustments	<u>2,552</u>
Maximum Unassigned Fund Balance	<u>\$ 252,552</u>
 <u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-17	\$ 1,043,394
Decreased by:	
Reserve for Encumbrances	(204,722)
Designated for Subsequent Year’s Expenditures – Excess Surplus	(216,106)
Designated for Subsequent Year’s Expenditures	(18,822)
Other Reserves	<u>(326,192)</u>
Total Unassigned Fund Balance	<u>\$ 277,552</u>
Excess Surplus	<u>\$ 25,000</u>
 <u>Section 3</u>	
Excess Surplus - Designated for Subsequent Expenditures	\$ 216,106
Excess Surplus	<u>156,187</u>
	<u>\$ 372,293</u>
 <u>Detail of Other Reserved Fund Balances</u>	
Maintenance Reserve	\$ 170,005
Capital Reserve	<u>156,187</u>
	<u>\$ 326,192</u>
 <u>Detail of Allowable Adjustment</u>	
Non-Public Transportation	<u>\$ 2,552</u>

NOTE 13: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2017. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2017 through December 1, 2017.

NOTE 14: EDA Reimbursements

The District has been working on finalizing their EDA reimbursement for a renovation program dating back to 2001-2002. Work has been done to resolve the reimbursements, but a final determination on the reimbursement was still pending as of June 30, 2017. The District confirmed with the State of New Jersey that the District is eligible to receive the final \$428,270 pending final submission and review by the State of New Jersey. It is expected that this reimbursement will be finalized in 2017-2018.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 7,398,735		7,398,735	7,398,735	-
Tuition-Preschool	66,050		66,050	54,635	(11,415)
Tuition-Other LEA's within State	37,581		37,581	42,292	4,711
Interest on Maintenance Reserve	5		5		(5)
Interest on Capital Reserve	5		5		(5)
Miscellaneous			-	2,349	2,349
Total Local Sources	<u>7,502,376</u>	<u>-</u>	<u>7,502,376</u>	<u>7,498,011</u>	<u>(4,365)</u>
State Sources:					
Special Education Aid	211,198		211,198	211,198	-
Transportation Aid	5,422		5,422	5,422	-
Security Aid	7,973		7,973	7,973	-
Adjustment Aid	2,810		2,810	2,810	-
Per Pupil Growth Aid	4,620		4,620	4,620	-
PARCC Readiness Aid	4,620		4,620	4,620	-
Professional Learning Community Aid	5,000		5,000	5,000	-
Non-Public Transportation Aid			-	2,552	2,552
On-Behalf TPAF Pension Contributions (non-budgeted)			-	729,681	729,681
Reimbursed TPAF Social Security (non-budgeted)			-	273,501	273,501
Total State Sources	<u>241,643</u>	<u>-</u>	<u>241,643</u>	<u>1,247,377</u>	<u>1,005,734</u>
Total Revenues	<u>7,744,019</u>	<u>-</u>	<u>7,744,019</u>	<u>8,745,388</u>	<u>1,001,369</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 2 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Preschool-Salaries of Teachers	52,345	(911)	51,434	51,433	1
Kindergarten - Salaries of Teachers	203,285	(80,878)	122,407	122,407	-
Grades 1-5 - Salaries of Teachers	1,188,508	73,321	1,261,829	1,261,829	-
Grades 6-8 - Salaries of Teachers	819,148	(58,736)	760,412	760,411	1
Home Instruction:					
Salaries of Teachers	9,000	552	9,552	9,551	1
Purchased Professional Services	700	(22)	678	525	153
Regular Programs - Undistributed:					
Other Salaries for Instruction	296,716	1,413	298,129	298,129	-
Purchased Technical Services	155,355	5,629	160,984	127,844	33,140
Other Purchased Services	24,555	1,501	26,056	25,608	448
General Supplies	258,700	(104,237)	154,463	153,923	540
Textbooks	30,000	(15,546)	14,454	14,453	1
Other Objects	4,400	540	4,940	4,940	-
Total Regular Programs - Instruction	<u>3,042,712</u>	<u>(177,374)</u>	<u>2,865,338</u>	<u>2,831,053</u>	<u>34,285</u>
Learning and/or Language Disabilities:					
Salaries of Teachers	72,845	(1,175)	71,670	71,670	-
Other Salaries for Instruction	22,253	1,447	23,700	23,700	-
General Supplies	900	(460)	440	402	38
Total Learning and/or Language Disabilities	<u>95,998</u>	<u>(188)</u>	<u>95,810</u>	<u>95,772</u>	<u>38</u>
Behavioral Disabilities					
Salaries of Teachers	89,302		89,302	89,302	-
General Supplies	2,000	(1,500)	500	409	91
Total Behavioral Disabilities	<u>91,302</u>	<u>(1,500)</u>	<u>89,802</u>	<u>89,711</u>	<u>91</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Multiple Disabilities:					
Salaries of Teachers	6,400	(6,400)	-	-	-
General Supplies	500	(309)	191	191	-
Total Multiple Disabilities	<u>6,900</u>	<u>(6,709)</u>	<u>191</u>	<u>191</u>	<u>-</u>
Resource Room/Center:					
Salaries of Teachers	570,335	32,558	602,893	602,891	2
General Supplies	2,000	(1,528)	472	472	-
Total Resource Room/Center	<u>572,335</u>	<u>31,030</u>	<u>603,365</u>	<u>603,363</u>	<u>2</u>
Preschool Disabilities-Part time:					
Salaries-Teachers	55,845	2,792	58,637	55,988	2,649
Other Salaries For Instruction	5,900	467	6,367	6,366	1
General Supplies	4,000	(1,400)	2,600	1,952	648
Total Preschool Disabilities-Part time	<u>65,745</u>	<u>1,859</u>	<u>67,604</u>	<u>64,306</u>	<u>3,298</u>
Total Special Education - Instruction	<u>832,280</u>	<u>24,492</u>	<u>856,772</u>	<u>853,343</u>	<u>3,429</u>
Other Instructional Programs:					
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	18,756	3,152	21,908	21,906	2
Other Objects	500	(236)	264	264	-
Total School Sponsored Co-Curricular Activities - Instr.	<u>19,256</u>	<u>2,916</u>	<u>22,172</u>	<u>22,170</u>	<u>2</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1

Sheet 4 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School Sponsored Athletics - Instruction:					
Salaries	20,000	2,890	22,890	22,890	-
Supplies and Materials		1,000	1,000	1,000	-
Total School Sponsored Athletics - Instruction	<u>20,000</u>	<u>3,890</u>	<u>23,890</u>	<u>23,890</u>	<u>-</u>
Supplemental At Risk Programs:					
Salaries	55,445		55,445	55,445	-
Supplies and Materials	3,000	1,900	4,900	4,870	30
Total Supplemental At Risk Programs - Instruction	<u>58,445</u>	<u>1,900</u>	<u>60,345</u>	<u>60,315</u>	<u>30</u>
Total Instruction	<u>3,972,693</u>	<u>(144,176)</u>	<u>3,828,517</u>	<u>3,790,771</u>	<u>37,746</u>
Undistributed Expenditures:					
Instruction:					
Tuition To Other LEAs Within The State-Regular	1,600	845	2,445	2,445	-
Tuition To Other LEAs Within The State-Special	11,500	3,894	15,394	14,642	752
Tuition to Private Schools for the Disabled within State		28,232	28,232	25,302	2,930
Total Undistributed Expenditures - Instruction	<u>13,100</u>	<u>32,971</u>	<u>46,071</u>	<u>42,389</u>	<u>3,682</u>
Attendance and Social Work:					
Salaries	<u>26,147</u>		<u>26,147</u>	<u>26,146</u>	<u>1</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Health Services:					
Salaries	94,845		94,845	94,396	449
Purchased Professional/Technical Services	6,000		6,000	3,516	2,484
Other Purchased Services	100		100		100
Supplies and Materials	1,500	2,500	4,000	3,776	224
Total Health Services	<u>102,445</u>	<u>2,500</u>	<u>104,945</u>	<u>101,688</u>	<u>3,257</u>
Other Support Services - Student - Related Services:					
Salaries	134,782	(3,883)	130,899	130,898	1
Purchased Professional - Educational Services	121,700	(37,284)	84,416	62,258	22,158
Supplies and Materials	5,400	(1,500)	3,900	2,745	1,155
Total Other Support Services - Student - Related Services	<u>261,882</u>	<u>(42,667)</u>	<u>219,215</u>	<u>195,901</u>	<u>23,314</u>
Other Support Services - Student - Extra Services:					
Supplies and Materials	12,000	5,899	17,899	17,898	1
Total Other Support Services - Student - Extra Services	<u>12,000</u>	<u>5,899</u>	<u>17,899</u>	<u>17,898</u>	<u>1</u>
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	62,695		62,695	62,695	-
Other Purchased Services	500		500		500
Supplies and Materials	2,000		2,000	1,531	469
Total Other Support Services - Student Regular	<u>65,195</u>	<u>-</u>	<u>65,195</u>	<u>64,226</u>	<u>969</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Student - Special:					
Salaries of Other Professional Staff	309,542	(1)	309,541	306,726	2,815
Salaries of Secretarial & Clerical	37,298		37,298	37,298	-
Purchased Professional-Educational Services	11,000	(4,061)	6,939	6,335	604
Other Purchased Professional-Technical Services	13,000		13,000	11,352	1,648
Other Purchased Services	5,000	(4,982)	18	17	1
Supplies and Materials	14,000	(3,181)	10,819	9,796	1,023
Other Objects	3,000		3,000	2,139	861
Total Other Support Student - Special	<u>392,840</u>	<u>(12,225)</u>	<u>380,615</u>	<u>373,663</u>	<u>6,952</u>
Improvement of Instructional Services:					
Salaries of Supervisors	78,796		78,796	78,796	-
Purchased Professional-Educational Services	5,000	(5,000)	-	-	-
Other Purchased Services		150		117	33
Supplies and Materials	2,000	(150)	1,850	1,732	118
Other Objects	1,500	-	1,500	99	1,401
Total Improvement of Instructional Services	<u>87,296</u>	<u>(5,000)</u>	<u>82,146</u>	<u>80,744</u>	<u>1,552</u>
Educational Media/School Library:					
Salaries	57,140	(8,065)	49,075	37,571	11,504
Salaries-Technical Coordinators	24,178		24,178	24,177	1
Purchased Professional-Technical Services	700		700	397	303
Other Purchased Services	6,000	(244)	5,756	3,524	2,232
Supplies & Materials	8,916		8,916	3,869	5,047
Other Objects	800		800	175	625
Total Educational Media/Library	<u>97,734</u>	<u>(8,309)</u>	<u>89,425</u>	<u>69,713</u>	<u>19,712</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Instructional Staff Training Services:					
Purchased Professional/Technical Services	20,000	3,065	23,065	15,775	7,290
Other Purchased Services	25,000	(4,500)	20,500	13,487	7,013
Supplies and Materials	1,200	(500)	700	205	495
Total Instructional Staff Training Services	<u>46,200</u>	<u>(1,935)</u>	<u>44,265</u>	<u>29,467</u>	<u>14,798</u>
Support Services - General Administration:					
Salaries	131,697	(13,267)	118,430	118,251	179
Legal Services	60,000	37,468	97,468	96,939	529
Audit Fees	8,900		8,900	8,900	-
Architectural Services	24,500	(4,445)	20,055	20,055	-
Other Purchased Professional Services	12,630	1,236	13,866	13,835	31
Purchased Technical Services	25,533	(11,516)	14,017	14,017	-
Communications/Telephone	31,000	5,107	36,107	35,394	713
BOE Other Purchased Services	3,000	1,071	4,071	1,679	2,392
Other Purchased Services	41,705	7,201	48,906	47,409	1,497
General Supplies	15,000	18,169	33,169	32,639	530
BOE In-House Training/Meeting Supplies	200	(200)	-	-	-
Miscellaneous Expenditures	7,500	(1,976)	5,524	5,524	-
BOE Membership Dues and Fees	4,500	(294)	4,206	4,205	1
Total Support Services - General Administration	<u>366,165</u>	<u>38,554</u>	<u>404,719</u>	<u>398,847</u>	<u>5,872</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	84,142	(16,642)	67,500	67,500	-
Salaries of Secretarial & Clerical	23,724	148	23,872	23,871	1
Other Purchased Services	200	(148)	52	-	52
Supplies and Materials	1,000	(1,000)	-	-	-
Total Support Services - School Administration	<u>109,066</u>	<u>(17,642)</u>	<u>91,424</u>	<u>91,371</u>	<u>53</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Central Services:					
Salaries	261,900	3,452	265,352	265,352	-
Purchased Technical Services	19,855	3,217	23,072	22,879	193
Other Purchased Services	5,500	(2,758)	2,742	2,742	-
Supplies and Materials	7,000	(939)	6,061	5,822	239
Other Objects	4,700	(1,586)	3,114	3,113	1
Total Central Services	<u>298,955</u>	<u>1,386</u>	<u>300,341</u>	<u>299,908</u>	<u>433</u>
Administrative Information Technology:					
Salaries	44,901		44,901	44,901	-
Total Administrative Information Technology	<u>44,901</u>	<u>-</u>	<u>44,901</u>	<u>44,901</u>	<u>-</u>
Required Maintenance For School Facilities:					
Cleaning, Repairs and Maintenance	75,000	46,579	121,579	115,669	5,910
General Supplies	32,000	7,657	39,657	39,094	563
Other Objects	1,000		1,000	418	582
Total Required Maintenance For School Facilities	<u>108,000</u>	<u>54,236</u>	<u>162,236</u>	<u>155,181</u>	<u>7,055</u>
Other Operations and Maintenance of Plant:					
Salaries	253,960	(3,622)	250,338	248,310	2,028
Salaries of Non-Instructional Aides	43,824	(8,800)	35,024	35,023	1
Other Purchased Property Services	15,500		15,500	15,040	460
Insurance	31,962	(3,232)	28,730	28,730	-
Miscellaneous Purchased Services	200		200	26	174
Supplies	2,200	1,500	3,700	3,596	104
Energy (Electricity)	79,000	(2,845)	76,155	76,154	1
Energy (Natural Gas)	60,000	(14,669)	45,331	45,331	-
Other Objects	700		700	211	489
Total Other Operations and Maintenance Of Plant	<u>487,346</u>	<u>(31,668)</u>	<u>455,678</u>	<u>452,421</u>	<u>3,257</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance	13,000	3,535	16,535	16,535	-
Supplies	16,000	2,000	18,000	17,251	749
Total Care and Upkeep of Grounds	<u>29,000</u>	<u>5,535</u>	<u>34,535</u>	<u>33,786</u>	<u>749</u>
Security:					
Salaries	<u>8,800</u>		<u>8,800</u>	<u>8,800</u>	<u>-</u>
Total Operation & Maintenance of Plant	<u>633,146</u>	<u>28,103</u>	<u>661,249</u>	<u>650,188</u>	<u>11,061</u>
Student Transportation:					
Contracted Services Home/School - Vendors	7,956	(7,956)	-	-	-
Contracted Services Other Than Home/School-Vendors	650		650		650
Contracted Services Home/School - Joint Agreement	43,000	8,328	51,328	51,328	-
Contracted Services Special Education - Vendors		33,987	33,987	33,865	122
Total Student Transportation	<u>51,606</u>	<u>34,359</u>	<u>85,965</u>	<u>85,193</u>	<u>772</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	113,000	(14,454)	98,546	98,546	-
Other Retirement Contributions - PERS	115,900	(9,163)	106,737	106,737	-
Unemployment Compensation	20,000	(12,437)	7,563	7,324	239
Workmen's Compensation	53,885	1,586	55,471	55,470	1
Health Benefits	943,779	60,592	1,004,371	1,003,786	585
Tuition Reimbursement	12,000		12,000	12,000	-
Other Employee Benefits	800		800		800
Total Unallocated Benefits - Employee Benefits	<u>1,259,364</u>	<u>26,124</u>	<u>1,285,488</u>	<u>1,283,863</u>	<u>1,625</u>
On Behalf TPAF Pension Contributions (Non-Budgeted)			-	729,681	(729,681)
Reimbursed TPAF Social Security Contr. (Non-Budgeted)			-	273,501	(273,501)
Total Undistributed Expenditures	<u>3,868,042</u>	<u>82,118</u>	<u>3,950,010</u>	<u>4,859,288</u>	<u>(909,128)</u>

SHREWSBURY SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 11**

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Interest Earned on Maintenance Reserve	<u>5</u>		<u>5</u>		<u>5</u>
Total General Current Expense	<u>7,840,740</u>	<u>(62,058)</u>	<u>7,778,532</u>	<u>8,650,059</u>	<u>(871,377)</u>
Capital Outlay:					
Equipment and Facilities Acquisition:					
Operating and Maintenance Equipment		3,850	3,850	3,850	-
Non-Instructional Services Equipment		13,196	13,196	12,983	213
Improvement to Sites		192,128	192,128	22,775	169,353
Infrastructure	106,652	(86,804)	19,848	19,848	-
Other Objects-SDA Assessment	12,628		12,628	12,628	-
Total Equipment and Facilities Acquisition	<u>119,280</u>	<u>122,370</u>	<u>241,650</u>	<u>72,084</u>	<u>169,566</u>
Interest Deposit to Capital Reserve	<u>5</u>		<u>5</u>		<u>5</u>
Total Capital Outlay	<u>119,285</u>	<u>122,370</u>	<u>241,655</u>	<u>72,084</u>	<u>169,571</u>
Total Expenditures	<u>7,960,025</u>	<u>60,312</u>	<u>8,020,187</u>	<u>8,722,143</u>	<u>(701,806)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(216,006)</u>	<u>(60,312)</u>	<u>(276,168)</u>	<u>23,245</u>	<u>299,563</u>
Fund Balance July 1	<u>1,020,149</u>		<u>1,020,149</u>	<u>1,020,149</u>	<u>-</u>
Fund Balance June 30	<u>\$ 804,143</u>	<u>(60,312)</u>	<u>743,981</u>	<u>1,043,394</u>	<u>299,563</u>

SHREWSBURY SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 11

GENERAL FUND - BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted to:					
Excess Surplus - Current Year				\$ 25,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				216,106	
Maintenance Reserve				170,005	
Capital Reserve				156,187	
Assigned To:					
Year End Encumbrances				204,722	
Unrestricted Fund Balance - Designated for Subsequent Year's Expenditures				18,822	
Unassigned Fund Balance				<u>252,552</u>	
				1,043,394	
Reconciliation to Governmental Fund Statements (GAAP):					
Final State Aid Payments Not Recognized on GAAP Basis				<u>(21,949)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,021,445</u>	

SHREWSBURY SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ -	27,644	27,644	22,648	4,996
Federal Sources	147,973		147,973	147,973	
Total Revenues	<u>\$ 147,973</u>	<u>27,644</u>	<u>175,617</u>	<u>170,621</u>	<u>4,996</u>
Expenditures:					
Instruction:					
Purchased Professional and Technical Services	\$ 98,982	(67,087)	31,895	31,895	
Tuition		14,579	14,579	14,579	
Textbooks		3,055	3,055	1,184	1,871
General Supplies	89,016	(25,734)	63,282	63,251	31
Total Instruction	<u>187,998</u>	<u>(75,187)</u>	<u>112,811</u>	<u>110,909</u>	<u>1,902</u>
Support Services:					
Purchased Professional Educational Services	25,554	(15,951)	9,603	6,509	3,094
Other Purchased Services		53,203	53,203	53,203	
Total Support Services	<u>25,554</u>	<u>37,252</u>	<u>62,806</u>	<u>59,712</u>	<u>3,094</u>
Total Expenditures	<u>\$ 213,552</u>	<u>(37,935)</u>	<u>175,617</u>	<u>170,621</u>	<u>4,996</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGET TO GAAP RECONCILIATION

NOTE TO RSI

JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 8,745,388	170,621
 Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	21,331	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(21,949)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 8,744,770</u>	<u>170,621</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,722,143	170,621
 Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 8,722,143</u>	<u>170,621</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68) - L**

SHREWBURY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

Exhibit L-1

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,515,607	2,860,532	1,992,675	1,865,974
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,515,607</u>	<u>2,860,532</u>	<u>1,992,675</u>	<u>1,865,974</u>
District's Covered-Employee Payroll	\$ 885,497	803,674	787,568	724,822
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	25.19%	28.10%	39.52%	38.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.20%	38.21%	42.74%	40.71%

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 105,453	109,555	87,740	76,912
Contributions in Relation to the Contractually Required Contribution	<u>105,453</u>	<u>109,555</u>	<u>87,740</u>	<u>76,912</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 885,497	803,674	787,568	724,822
Contributions as a Percentage of Covered-Employee Payroll	11.91%	13.63%	11.14%	10.61%

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

Exhibit L-3

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>26,454,031</u>	<u>22,205,105</u>	<u>17,427,526</u>	<u>17,103,899</u>
Total	<u>\$ 26,454,031</u>	<u>22,205,105</u>	<u>17,427,526</u>	<u>17,103,899</u>
District's Covered-Employee Payroll	\$ 3,752,811	3,531,911	3,331,019	3,262,901
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	14.19%	15.91%	19.11%	19.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

SHREWSBURY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

SHREWSBURY SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2017**Public Employee's 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, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

SHREWSBURY SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Title I</u>	<u>Title IIA</u>	<u>LD.E.A.</u>		<u>Non-Public Nursing</u>	<u>Non-Public Technology</u>	<u>Non-Public Textbooks</u>	<u>Non-Public Security</u>	<u>Suppelmentary Instruction</u>	<u>Corrective Speech</u>	<u>Exam and Classification Initial</u>	<u>Totals 2017</u>
			<u>Basic</u>	<u>Preschool</u>								
Revenues:												
State Sources	\$ -	-			3,266	1,377	1,184	2,620	2,903	7,157	4,141	22,648
Federal Sources	12,550	6,509	123,345	5,569								147,973
Total Revenues	\$ 12,550	6,509	123,345	5,569	3,266	1,377	1,184	2,620	2,903	7,157	4,141	170,621
Expenditures:												
Instruction:												
Purchased Professional Services	\$ -	-	31,895									31,895
Tuition			14,579									14,579
Textbooks							1,184					1,184
General Supplies	5,395		50,990	2,869		1,377	2,620					63,251
Total Instruction	5,395	-	97,464	2,869	-	1,377	1,184	2,620	-	-	-	110,909
Support Services:												
Other Purchased Services		6,509										6,509
Purchased Professional Educational Services	7,155		25,881	2,700	3,266			2,903	7,157	4,141		53,203
Total Support Services	7,155	6,509	25,881	2,700	3,266	-	-	2,903	7,157	4,141	-	59,712
Total Expenditures	\$ 12,550	6,509	123,345	5,569	3,266	1,377	1,184	2,620	2,903	7,157	4,141	170,621

CAPITAL PROJECTS FUND – F

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2017

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Replacement Generator Project	7/2/2009	\$ 168,400	158,226		10,174
		\$ 168,400	158,226	-	10,174

SHREWSBURY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-2

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2017

Fund Balance - Beginning	\$ 10,174
Fund Balance - Ending	\$ 10,174

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

Exhibit H-1

TRUST AND AGENCY FUND

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AS OF JUNE 30, 2017

	<u>Net Payroll</u>	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Expendable Trust</u>	<u>Total 2017</u>
Assets:					
Cash and Cash Equivalents	\$ 793	65,330	225,017	2,100	293,240
Total Assets	<u>\$ 793</u>	<u>65,330</u>	<u>225,017</u>	<u>2,100</u>	<u>293,240</u>
Liabilities and Fund Balances:					
Liabilities:					
Payroll Deductions and Withholdings	\$ -		225,017		225,017
Due to Student Groups		65,330			65,330
Net Salary Accumulation	793				793
Total Liabilities	<u>\$ 793</u>	<u>65,330</u>	<u>225,017</u>		<u>291,140</u>
Net Position:					
Reserved - Unemployment Benefits				2,100	2,100
Total Net Position				<u>2,100</u>	<u>2,100</u>

EXPENDABLE TRUST FUND

Exhibit H-2

STATEMENT OF CHANGES

IN FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>Unemployment Compensation Insurance Trust Fund</u>
Additions:	
Local Sources:	
Contributions	\$ 16,074
Total Additions	<u>16,074</u>
Deductions:	
Unemployment Claims	<u>19,125</u>
Total Deductions	<u>19,125</u>
Change in Net Position	(3,051)
Net Position, July 1	<u>5,151</u>
Net Position, June 30	<u><u>\$ 2,100</u></u>

BOROUGH OF SHREWSBURY SCHOOL DISTRICT

Exhibit H-3

STUDENT ACTIVITY ACCOUNT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools: Shrewsbury	\$ 47,412	149,144	131,226	65,330

BOROUGH OF SHREWSBURY SCHOOL DISTRICT**PAYROLL AGENCY FUND**

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets:				
Cash and Cash Equivalents	\$ 163,945	3,680,784	3,619,712	225,017
Total Assets	<u>\$ 163,945</u>	<u>3,680,784</u>	<u>3,619,712</u>	<u>225,017</u>
Liabilities:				
Payroll Deductions, Withholdings	\$ 163,945	3,680,784	3,619,712	225,017
Total Liabilities	<u>\$ 163,945</u>	<u>3,680,784</u>	<u>3,619,712</u>	<u>225,017</u>

LONG-TERM DEBT – I

SHREWSBURY SCHOOL DISTRICT

Exhibit I-1

GENERAL LONG-TERM DEBT ACCOUNT GROUP

SCHEDULE OF SERIAL BONDS PAYABLE

JUNE 30, 2017

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2016</u>		<u>June 30, 2017</u>
Refunding Bonds of 2012	1/24/12	\$ 2,395,000	2/15/18	\$ 215,000	2.000%	\$ 1,580,000	210,000	1,370,000
			2/15/19	220,000	2.000%			
			2/15/20	225,000	2.125%			
			2/15/21	230,000	3.250%			
			2/15/22	235,000	3.250%			
			2/15/23	245,000	3.250%			
					<u>\$ 1,580,000</u>	<u>210,000</u>	<u>1,370,000</u>	

SHREWSBURY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	<u>\$ 250,757</u>		<u>250,757</u>	<u>250,757</u>	<u>-</u>
Total Revenues	<u>250,757</u>	<u>-</u>	<u>250,757</u>	<u>250,757</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	<u>40,757</u>		<u>40,757</u>	<u>40,756</u>	<u>1</u>
Redemption of Principal	<u>210,000</u>		<u>210,000</u>	<u>210,000</u>	
Total Expenditures	<u>250,757</u>	<u>-</u>	<u>250,757</u>	<u>250,756</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund Balance July 1	<u>4,001</u>	<u>-</u>	<u>4,001</u>	<u>4,001</u>	
Fund Balance June 30	<u>\$ 4,001</u>	<u>-</u>	<u>4,001</u>	<u>4,002</u>	<u>1</u>

STATISTICAL SECTION

(Unaudited)

SHREWSBURY SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED

J-1

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities										
Invested in Capital Assets, net of related Debt	\$4,488,549	4,419,281	4,020,434	3,441,723	2,993,350	2,766,742	2,645,514	1,918,828	1,941,807	1,842,225
Restricted	805,018	696,522	581,670	482,507	297,338	374,861	284,372	42,552	161,403	263,802
Unrestricted	<u>(2,119,586)</u>	<u>(1,862,683)</u>	<u>(1,671,645)</u>	<u>231,434</u>	<u>401,785</u>	<u>36,102</u>	<u>(104,562)</u>	<u>239,719</u>	<u>69,109</u>	<u>(19,871)</u>
Total Governmental Activities	<u>\$3,173,981</u>	<u>3,253,120</u>	<u>2,930,459</u>	<u>4,155,664</u>	<u>3,692,473</u>	<u>3,177,705</u>	<u>2,825,324</u>	<u>2,201,099</u>	<u>2,172,319</u>	<u>2,086,156</u>
Business Type Activities										
Invested in Capital Assets, net of related Debt		7,443	-	-	4,970	-	-	606	1,653	2,700
Unrestricted	<u>16,518</u>	<u>12,928</u>	<u>30,290</u>	<u>17,957</u>	<u>7,830</u>	<u>16,111</u>	<u>23,996</u>	<u>29,921</u>	<u>37,150</u>	<u>44,175</u>
Total Business Type Activities	<u>\$ 16,518</u>	<u>20,371</u>	<u>30,290</u>	<u>17,957</u>	<u>12,800</u>	<u>16,111</u>	<u>23,996</u>	<u>30,527</u>	<u>38,803</u>	<u>46,875</u>
District-wide										
Invested in Capital Assets, net of related Debt	\$4,488,549	4,426,724	4,029,241	3,441,723	2,998,320	2,766,742	2,645,514	1,919,434	1,943,460	1,844,925
Restricted	805,018	696,522	581,670	482,507	297,338	374,861	284,372	42,552	161,403	263,802
Unrestricted	<u>(2,103,068)</u>	<u>(1,849,755)</u>	<u>(1,650,162)</u>	<u>249,391</u>	<u>409,615</u>	<u>52,213</u>	<u>(80,566)</u>	<u>269,640</u>	<u>106,259</u>	<u>24,304</u>
Total District Assets	<u>\$3,190,499</u>	<u>3,273,491</u>	<u>2,960,749</u>	<u>4,173,621</u>	<u>3,705,273</u>	<u>3,193,816</u>	<u>2,849,320</u>	<u>2,231,626</u>	<u>2,211,122</u>	<u>2,133,031</u>

SHREWSBURY SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses:										
Governmental Activities	\$ 9,237,844	9,898,711	8,257,512	8,305,723	8,197,993	8,060,094	7,636,123	7,927,148	7,657,290	7,656,279
Business Type Activities	17,221	12,303	31,386	73,991	89,897	67,722	95,729	118,772	59,083	49,077
Total District Expenses	<u>9,255,065</u>	<u>9,911,014</u>	<u>8,288,898</u>	<u>8,379,714</u>	<u>8,287,890</u>	<u>8,127,816</u>	<u>7,731,852</u>	<u>8,045,920</u>	<u>7,716,373</u>	<u>7,705,356</u>
Program Revenues:										
Governmental Activities	213,010	2,124,928	182,225	200,639	198,411	180,496	277,037	188,492	142,897	133,568
Business Type Activities	13,368	12,570	43,719	76,273	81,616	59,837	73,254	95,257	35,868	34,842
Total District Program Revenues	<u>226,378</u>	<u>2,137,498</u>	<u>225,944</u>	<u>276,912</u>	<u>280,027</u>	<u>240,333</u>	<u>350,291</u>	<u>283,749</u>	<u>178,765</u>	<u>168,410</u>
Net (Expense)										
Governmental Activities	9,024,834	(7,773,783)	8,075,287	(8,105,084)	(7,999,582)	(7,879,598)	(7,359,086)	(7,738,656)	(7,514,393)	(7,522,711)
Business Type Activities	(3,853)	268	(9,709)	2,282	8,281	(7,885)	(22,475)	(23,515)	(23,215)	(14,235)
Total District-wide Net Expense	<u>9,020,981</u>	<u>(7,773,515)</u>	<u>8,065,578</u>	<u>(8,102,802)</u>	<u>(7,991,301)</u>	<u>(7,887,483)</u>	<u>(7,381,561)</u>	<u>(7,762,171)</u>	<u>(7,537,608)</u>	<u>(7,536,946)</u>
General Revenues and Other Changes in Net Assets:										
Governmental Activities	8,953,138	8,166,594	8,660,055	8,348,519	8,362,721	8,053,883	7,808,223	7,953,564	7,607,413	7,601,486
Business Type Activities			2,624	-	-	-	15,244	15,239	15,143	14,152
Total District-wide	<u>8,953,138</u>	<u>8,166,594</u>	<u>8,662,679</u>	<u>8,348,519</u>	<u>8,362,721</u>	<u>8,053,883</u>	<u>7,823,467</u>	<u>7,968,803</u>	<u>7,622,556</u>	<u>7,615,638</u>
Change in Net Position:										
Governmental Activities	(71,696)	392,811	(1,407,907)	243,435	363,139	174,285	449,137	214,908	93,020	78,775
Business Type Activities	(3,853)	268	12,333	2,282	(8,281)	(7,885)	(7,231)	(8,276)	(8,072)	(83)
Total District	<u>\$ (75,549)</u>	<u>393,079</u>	<u>(1,395,574)</u>	<u>245,717</u>	<u>354,858</u>	<u>166,400</u>	<u>441,906</u>	<u>206,632</u>	<u>84,948</u>	<u>78,692</u>

SHREWSBURY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
UNAUDITED

J-3

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:										
Reserved	\$ 790,842	760,738	569,495	470,332	418,452	355,449	284,372	32,378	161,398	168,079
Unreserved	<u>230,603</u>	<u>238,080</u>	<u>(1,671,645)</u>	<u>252,795</u>	<u>273,728</u>	<u>198,319</u>	<u>292,752</u>	<u>278,315</u>	<u>69,109</u>	<u>236,797</u>
Total General Fund	<u>\$1,021,445</u>	<u>998,818</u>	<u>(1,102,150)</u>	<u>723,127</u>	<u>692,180</u>	<u>553,768</u>	<u>577,124</u>	<u>310,693</u>	<u>230,507</u>	<u>404,876</u>
All Other Governmental Funds:										
Unreserved, Reported in:										
Capital Projects Fund	\$ 10,174	10,174	10,174	10,174	10,174	10,174	10,174	10,174	-	-
Debt Service Fund	<u>4,002</u>	<u>4,001</u>	<u>2,001</u>	<u>2,001</u>	<u>9,237</u>	<u>9,238</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>5</u>
Total All Other Government Funds	<u>\$ 14,176</u>	<u>14,175</u>	<u>12,175</u>	<u>12,175</u>	<u>19,411</u>	<u>19,412</u>	<u>10,175</u>	<u>10,174</u>	<u>5</u>	<u>5</u>

SHREWSBURY SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN YEARS
UNAUDITED

J-4

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Tax Levy	\$ 7,649,492	7,797,268	7,650,085	7,504,695	7,380,817	7,277,745	7,155,850	6,992,795	6,776,480	6,554,388
Other Local Revenue	99,276	123,564	41,852	70,683	81,593	77,239	132,595	50,392	29,818	35,759
State Sources	1,269,407	1,134,848	1,017,462	854,087	976,838	776,677	611,909	931,909	830,805	1,028,832
Federal Sources	147,973	149,259	131,096	127,657	130,777	129,238	200,145	182,212	128,350	129,906
Total Revenues	9,166,148	9,204,939	8,840,495	8,557,122	8,570,025	8,260,899	8,100,499	8,157,308	7,765,453	7,748,885
Expenditures										
Instruction:										
Regular	2,831,053	2,785,650	2,755,286	2,882,168	2,811,757	2,558,987	2,294,414	2,603,256	2,449,230	2,270,632
Special	853,343	918,832	661,831	338,061	307,865	420,686	547,211	651,930	715,463	754,743
Other	-	-	-	4,959	49,177	90,883	66,974	64,978	54,357	78,815
School-sponsored/other instructional	106,375	95,661	98,909	68,651	97,530	168,618	20,894	42,814	43,686	44,502
Total instruction	3,790,771	3,800,143	3,516,026	3,293,839	3,266,329	3,239,174	2,929,493	3,362,978	3,262,736	3,148,692
Undistributed:										
Instruction/Tuition	42,389	13,560	53,350	42,010	51,928	94,749	82,681	1,500	16,705	137,109
Support Services	959,446	935,128	993,037	1,047,035	901,200	914,463	741,499	724,137	741,366	664,901
General Administration	743,656	284,711	319,649	599,209	580,434	239,159	400,792	391,725	367,820	347,705
School Administration	91,371	434,219	412,624	98,877	116,022	415,282	462,946	437,276	302,811	297,798
Operations and Maintenance	650,188	597,295	658,936	772,817	673,034	586,963	535,210	613,167	681,709	715,878
Student Transportation	85,193	91,684	110,918	115,674	122,730	119,008	97,889	70,005	85,514	84,665
Unallocated Benefits	1,283,863	2,075,105	1,069,050	1,261,268	1,291,256	1,354,766	1,259,942	1,225,205	1,112,891	956,572
TPAF Pension & Social Security	1,003,182	-	752,870	610,008	710,749	569,359	484,146	487,172	466,705	667,484
Education Jobs	-	-	-	-	-	401	-	-	-	-
Total Undistributed	4,859,288	4,431,702	4,370,434	4,546,898	4,447,353	4,294,150	4,065,105	3,950,187	3,775,521	3,872,112
Capital Outlay:										
Equipment	16,833	240,860	20,786	-	-	9,201	21,408	18,768	-	-
Other	55,251	-	154,558	12,628	12,628	-	-	-	-	-
Total Capital Outlay	72,084	240,860	175,344	12,628	12,628	9,201	21,408	18,768	-	-
Total General Fund Expenditures	8,722,143	8,472,705	8,061,804	7,853,365	7,726,310	7,542,525	7,016,006	7,331,933	7,038,257	7,020,804
Special Revenue:										
Local	-	-	-	4,196	3,901	3,336	-	-	250	-
State	22,648	-	12,490	9,186	11,805	1,697	9,821	6,280	13,297	3,662
Federal	147,973	-	131,096	127,657	130,777	128,837	187,356	182,212	129,350	129,906
Total Special Revenue expenditures	170,621	-	143,586	141,039	146,483	133,870	197,177	188,492	142,897	133,568
Capital Projects Fund Expenditures	-	-	-	-	-	-	-	158,226	-	-
Debt Service Expenditures	250,756	541,606	538,651	539,936	545,529	576,481	579,535	576,884	578,287	573,811
Total Governmental Fund Expenditures	9,143,520	9,014,311	8,744,041	8,534,340	8,418,322	8,252,876	7,792,718	8,255,535	7,759,441	7,728,183
Excess(Deficiency) of Revenues	-	-	-	-	-	-	-	-	-	-
Over(Under) Expenditures	22,628	190,628	96,454	22,782	151,703	8,023	307,781	(98,227)	6,012	20,702
Other Financing Sources (Uses)	-	-	1,785	(7,964)	(8,893)	(26,520)	(15,239)	(15,252)	(15,143)	(13,831)
Net Change in Fund Balance	\$ 22,628	190,628	98,239	14,818	142,810	(18,497)	292,542	(113,479)	(9,131)	6,871

Source: District records

SHREWSBURY SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

J-5

	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Miscellaneous</u>	<u>Total</u>
2008		19,340	16,419	35,759
2009		4,411	25,407	29,818
2010	44,171	1,725	4,496	50,392
2011	79,860	581	52,154	132,595
2012	46,225	10	31,004	77,239
2013	64,956		12,736	77,692
2014	59,600		6,887	66,487
2015	38,639		3,213	41,852
2016	120,318		2,000	122,318
2017	96,927		2,349	99,276

Source: District records

For years 2005 to 2012 interest is included in Miscellaneous
2013 and 2014 interest is included in Miscellaneous
2014-2015 miscellaneous includes an outstanding judgment

SHREWSBURY BOROUGH SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Estimated Full Cash Valuations	Less: Tax Exempt Property	Public Utilities	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized) Value
2008	5,154,200	517,858,900	778,700	10,900	286,898,200			810,700,900			812,138,583	0.860	\$ 1,147,105,317
2009	7,693,000	522,019,400	778,700	10,900	281,708,500			812,210,500			813,679,312	0.885	\$ 1,251,361,981
2010	7,668,100	518,386,500	914,500	10,900	279,625,900			806,605,000			808,166,606	0.885	\$ 1,180,978,687
2011	7,542,600	517,700,300	914,500	5,200	264,051,000			790,213,600			791,587,495	0.920	\$ 1,139,709,288
2012	13,612,600	516,029,100	914,500	5,200	258,315,600			788,877,000			790,268,280	0.934	\$ 1,058,940,276
2013	21,767,200	616,776,800	1,119,600	12,000	360,260,900			999,936,500			1,001,423,693	0.749	\$ 999,464,408
2014	18,647,200	622,889,200	1,119,600	12,000	359,911,200			1,002,579,200			1,003,601,221	0.762	\$ 1,048,541,096
2015	7,986,400	702,100,400	1,138,600	12,300	354,940,100			1,066,177,600			1,067,333,117	0.731	\$ 1,063,413,883
2016	5,628,000	744,629,400	1,121,200	5,600	365,264,800			1,116,649,000			1,116,649,000	0.068	\$ 1,120,448,571
2017	5,747,800	774,208,900	1,133,500	5,500	366,951,800			1,148,047,500			1,149,161,895	0.710	\$ 1,172,908,786

Source: District Records, Monmouth County Tax Assessor, Municipal Tax Assessor.

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation.

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b. Tax rates are per \$100

SHREWSBURY BOROUGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

J-7

LAST TEN FISCAL YEARS

(Rate per \$100 of Assessed Value)

<u>Fiscal Year Ended June 30,</u>	<u>Shrewsbury School</u>	<u>Red Bank Regional School</u>	<u>Total Direct</u>	<u>Borough of Shrewsbury</u>	<u>Monmouth County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2008	0.835	0.511	1.346	0.745	0.373	2.464
2009	0.860	0.540	1.400	0.745	0.409	2.554
2010	0.885	0.570	1.455	0.776	0.403	2.634
2011	0.920	0.591	1.511	0.802	0.396	2.709
2012	0.934	0.554	1.488	0.819	0.387	2.694
2013	0.749	0.463	1.212	0.649	0.307	2.168
2014	0.762	0.521	1.283	0.663	0.325	2.271
2015	0.731	0.499	1.230	0.632	0.314	2.176
2016	0.684	0.478	1.162	0.649	0.299	2.110
2017	0.710	0.486	1.196	0.644	0.296	2.136

SHREWSBURY BOROUGH SCHOOL DISTRICT**PRINCIPAL PROPERTY TAX PAYERS,**

J-8

CURRENT YEAR

<u>Block</u>	<u>Lot</u>	<u>Owner Name</u>	<u>Assessed Value</u>	<u>% of Assessed Value</u>
38	4	Route 35 Shrewsbury (The Grove)	\$ 58,997,600	37.00%
31	1	Marzulla, Allen Brown National Real	36,365,300	21.00%
70.01	2	Treasure Island Plaza LLC ISJ Mgt	12,652,000	7.00%
31	4	American National C/O Harding & Carbone	11,700,000	7.00%
21	1.01	Shresbury Commons LP C/O Sher Prtn	9,746,300	6.00%
29	15	Satellite Selfstorage of Shrewsbury	9,250,100	5.00%
3	11	Shrewsbury Physician Group, LLC	9,083,800	5.00%
30	8.01	Bal Sycamore LLC Brandywine SL	9,000,000	5.00%
3	4	555 Shrewsbury Avenue, LLC	8,134,800	4.00%
31	3	SBC Holdings C/O National Realty	7,521,100	3.00%
Total Assessed Valuation			<u>\$ 172,451,000</u>	100%

SHREWSBURY BOROUGH SCHOOL DISTRICT**PROPERTY TAX LEVIES AND COLLECTIBLES**

J-9

LAST TEN FISCAL YEARS

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for The Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2008	6,554,388	6,554,388	100%	
2009	6,776,480	6,776,480	100%	
2010	6,992,795	6,992,795	100%	
2011	7,155,850	7,155,850	100%	
2012	7,277,745	7,277,745	100%	
2013	7,380,817	7,380,817	100%	
2014	7,504,695	7,504,695	100%	
2015	7,650,085	7,650,085	100%	
2016	7,797,268	7,797,268	100%	
2017	7,649,492	7,649,492	100%	

Source: Municipal Tax Collector, District records including the Certificate and Report of School Taxes (Form A4F).

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance in the amount voted upon or certified prior to the end of the fiscal year for the school district.

SHREWSBURY BOROUGH SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

J-10

LAST TEN FISCAL YEARS

(Dollars in Thousands, Except Per Capita)

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>	<u>Business-Type Activities Capital Leases</u>	<u>Total District</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2008	4,934,000					4,934,000	1.21%	49,633
2009	5,489,000					5,489,000	1.04%	45,379
2010	4,229,000					4,229,000	1.37%	48,535
2011	3,849,000					3,849,000	1.59%	47,425
2012	3,440,000					3,440,000	1.83%	47,698
2013	2,995,000					2,995,000	2.11%	58,355
2014	2,540,000					2,540,000	2.60%	51,045
2015	2,070,000					2,070,000	3.19%	57,219
2016	1,580,000					1,580,000	4.18%	57,110
2017	1,370,000					1,370,000	4.20%	57,651

SHREWSBURY BOROUGH SCHOOL DISTRICTRATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

J-11

LAST TEN FISCAL YEARS(Dollars in Thousands, Except Per Capita)

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	4,934,000		4,934,000	0.61%	1,307
2009	5,489,000		5,489,000	0.67%	1,455
2010	4,229,000		4,229,000	0.52%	1,111
2011	3,849,000		3,849,000	0.49%	1,015
2012	3,440,000		3,440,000	0.44%	905
2013	2,995,000		2,995,000	0.30%	775
2014	2,540,000		2,540,000	0.25%	628
2015	2,070,000		2,070,000	0.19%	501
2016	1,580,000		1,580,000	0.14%	382
2017	1,370,000		1,370,000	0.16%	328

SHREWSBURY BOROUGH SCHOOL DISTRICTRATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

J-12

AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Shrewsbury Borough (as of December 31, 2016)		100.00%	\$ 8,850,426
Monmouth County (Shrewsbury Share)		0.90%	3,934,716
Regional School Debt		100.00%	826,189
Other Debt			None
Subtotal, Overlapping Debt			<u>13,611,331</u>
Shrewsbury Borough School District Debt (as of December 31, 2016)		100.00%	<u>1,370,000</u>
			<u><u>\$ 14,981,331</u></u>

Sources: Shrewsbury Borough Annual Debt Statement, District Records.

SHREWSBURY BOROUGH SCHOOL DISTRICTLEGAL DEBT MARGIN INFORMATION

J-13

	2016
Debt Limit	<u>\$ 44,620,463</u>
Total Net Debt Applicable to Limit	<u>1,370,000</u>
Legal Debt Margin	<u>\$ 43,250,463</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.07%

Legal Debt Margin Calculation for Year 2016

Equalized Valuation Basis

2014	\$1,062,391,862
2015	1,119,293,254
2016	<u>1,164,849,593</u>
Average Equalized Valuation of Taxable Property	<u>\$1,115,511,570</u>
Debt Limit (4% of Average)	\$ 44,620,463
Net Bonded School Debt	<u>1,370,000</u>
Legal Debt Margin	<u>\$ 43,250,463</u>

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

SHREWSBURY BOROUGH SCHOOL DISTRICT**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Exhibit J-14

LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (Thousands of Dollars) (b)	Per Capita Personal Income ©	Unemployment Rate(d)
2008	3,775	226,179,125	59,915	N/A
2009	3,772	216,275,164	57,337	2.4%
2010	3,816	220,380,384	57,873	2.4%
2011	3,828	231,581,966	61,039	2.5%
2012	3,909	239,466,801	63,001	2.6%
2013	4,029	243,753,955	63,067	2.5%
2014	4,424	267,178,893	66,019	4.5%
2015	4,131	243,753,955	N/A	3.5%
2016	4,280	244,430,800	57,110	3.8%
2017	4,181	241,038,831	57,651	4.2%

Source:

- (a) Population information provided by the NJ Department of Labor and Workforce Development
- (b) Personal income - Per Capita Income
- © Per Capita for Monmouth County
- (d) Unemployment data provided by the NJ Department of Labor and Workforce Development

PRINCIPAL EMPLOYERS

Exhibit J-15

CURRENT YEAR AND TEN YEARS AGO

2017

Data Not Available

2008

Data Not Available

SHREWSBURY BOROUGH SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

J-16

LAST EIGHT FISCAL YEARS

<u>Function/Program</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Instruction:								
Regular	39	38.5	37.5	38.5	38.5	35.5	39	39
Special Education	9	10	7	5	5	5	7	8
Support Services:								
Student & Instruction Related Services	22.1	22.1	19.6	22	17	16.5	13	13.6
School Administrative Services	1	1	1	1	2	2	2	2
General & Business Administrative Services	1	1	1	1	1	1	1	1
Plant Operations & Maintenance	6	6	7	7	7	7	6	7
Business & Other Support Services	6	6	6	6	6.5	6	7	7
Food Service	3	3.5	3	3	3	3	3	3
Total	<u>87.1</u>	<u>88.1</u>	<u>82.1</u>	<u>83.5</u>	<u>80.0</u>	<u>76.0</u>	<u>78.0</u>	<u>80.6</u>

Source: District Personnel Records

SHREWSBURY BOROUGH SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS

J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Senior High School</u>	<u>Average Daily Enrollment (ADA) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	512	7,020,804	13,713	10.69%		1:18	1:19		510	487	0.00%	95%
2009	508	7,038,257	13,855	1.04%		1:19	1:20		504	497	-1.20%	99%
2010	510	7,331,933	14,376	3.76%		1:19	1:20		506	486	0.39%	96%
2011	491	7,016,006	14,289	13.00%		1:19	1:20		487	467	-0.39%	96%
2012	489	7,542,525	15,424	7.94%		1:19	1:20		485	473	-0.41%	98%
2013	487	7,726,310	15,865	2.86%		1:19	1:20		478	460	-0.15%	96%
2014	489	7,853,365	16,060	1.23%		1:17	1:18		484	454	1.26%	94%
2015	483	8,061,804	16,691	3.78%		1:17	1:18		476	461	-1.70%	97%
2016	510	8,231,847	16,141	-3.30%		1:17	1:18		507	494	6.51%	97%
2017	505	8,820,680	17,467	7.60%		1:19	1:19		470	453	-7.30%	96%

SHREWSBURY BOROUGH SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

UNAUDITED

J-18

District Buildings

Shrewsbury Borough School

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

Not Available

Number of Schools at June 30, 2017

Elementary = 1

Source: District records.

Note: Year of original construction is shown in parentheses. Increased in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SHREWSBURY BOROUGH SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS

J-19

Undistributed Expenditures - Required Maintenance for School Facilities

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Total School Facilities
Shrewsbury Borough School	<u>144,689</u>	<u>109,683</u>	<u>71,593</u>	<u>77,635</u>	<u>78,265</u>	<u>189,401</u>	<u>165,369</u>	<u>149,114</u>	<u>104,869</u>	<u>155,182</u>	<u>985,749</u>

*School facilities as defined under EFCFA.

Source: District records.



New Jersey Schools Insurance Group
Monmouth Ocean County Shared Services Insurance Fund
Package Policy Declarations

J-20

Policy Number: P807AH

Premium: \$44,285.60

Named Insured:

Shrewsbury Borough Board of Education
20 Obre Place
Shrewsbury, NJ 07702-4124

Agent:

Balken Risk Management Services, LLC
143 Washington Street
Morristown, NJ 07960

Policy Term: 07/01/2016 to 07/01/2017 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$450,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered
Loss of Business Income/Tuition	Not Covered
Limited Builders Risk	\$5,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence
All Flood Zones	\$75,000,000 per occurrence /NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence /NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence /NJSIG annual aggregate
Deductibles:	
Real & Personal	\$5,000 per occurrence
Extra Expense	\$5,000 per occurrence
Valuable Papers	\$5,000 per occurrence
Special Flood Hazard Area Flood Deductibles:	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence

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New Jersey Schools Insurance Group
Monmouth Ocean County Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AH

Article II - Electronic Data Processing

Hardware/Software		\$250,000 per occurrence
Extra Expense		Included
Coverage Extensions:	Transit	\$25,000
	Loss of Income	\$10,000
	Terrorism	Included in Property
	Computer Virus	\$250,000 (\$10,000,000 NJSIG Annual Aggregate)

Deductible:	\$1,000 per occurrence
Special Flood Hazard Area Flood Deductible:	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence

Article III - Equipment Breakdown

Combined Single Limit per Accident for Property Damage and Business Income \$100,000,000

SubLimits:	Property Damage	Included
	Off Premises Property Damage	\$100,000
	Business Income	Included
	Extra Expense	\$10,000,000
	Service Interruption	\$10,000,000
	Perishable Goods	\$500,000
	Data Restoration	\$100,000
	Contingent Business Income	\$100,000
	Demolition	\$1,000,000
	Ordinance or Law	\$1,000,000
	Expediting Expenses	\$500,000
	Hazardous Substances	\$500,000
	Newly Acquired Locations (120 days notice)	\$250,000
	Terrorism	Included

Deductibles: \$5,000 per Accident for Property Damage
 12 Hours for Indirect Coverages
 Service Interruption Waiting Period 24 Hours



New Jersey Schools Insurance Group
Monmouth Ocean County Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AH

Article IV - Crime

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$50,000	\$500
Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	\$25,000	\$500
Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	\$25,000	\$500
Insuring Agreement 4 - Forgery or Alteration	\$25,000	\$500
Insuring Agreement 5 - Computer Fraud	\$25,000	\$500
Public Officials Bond:		
Treasurer	\$175,000	\$1,000
Board Secretary	\$100,000	\$1,000

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$16,000,000 per occurrence
Products and Completed Operations	\$16,000,000 annual aggregate
Sexual Abuse	\$16,000,000 per occurrence \$17,000,000 annual NJSIG aggregate
Personal Injury and Advertising Injury	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$16,000,000 per occurrence/annual aggregate
Employee Benefits Liability Deductible	\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	N/A

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New Jersey Schools Insurance Group
Monmouth Ocean County Shared Services Insurance Fund
 Package Policy Declarations

Policy Number: P807AH

Article VI - Automobile

Liability

Symbol 1 Any Auto

Bodily Injury and Property Damage \$16,000,000 per accident

Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Autos \$1,000,000 Per Accident

Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles
 \$15,000 Bodily Injury Per Person
 \$30,000 Bodily Injury Per Accident
 \$5,000 Property Damage Per Accident

Symbol 5 Personal Injury Protection (including pedestrians) \$250,000

Medical Payments \$10,000 private passenger vehicles
 \$5,000 all other vehicles

Terrorism \$1,000,000 per occurrence/annual
 NJSIG aggregate

Deductible N/A

Physical Damage (Scheduled vehicles only)

Symbol 7 Comprehensive \$1,000 deductible

Collision \$1,000 deductible

Hired Car Physical Damage \$110,000 Limit \$1,000 deductible

Replacement Cost Not Covered

Garage Keepers Included

SINGLE AUDIT SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

103.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
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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

K-1

Honorable President and Members
of the Board of Education
Shrewsbury School District
County of Monmouth
Shrewsbury, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shrewsbury Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Shrewsbury Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Shrewsbury Board of Education, County of Monmouth, State of New Jersey'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 of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shrewsbury Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shrewsbury Board of Education, County of Monmouth, State of New Jersey'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 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 purposes 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 Shrewsbury Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it 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*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 1, 2017

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND SCHEDULES OF EXPENDITURE OF STATE
FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

K-2

Honorable President and Members
of the Board of Education
Shrewsbury School District
County of Monmouth
Shrewsbury, New Jersey

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's major state programs for the year ended June 30, 2017. The Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey'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; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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*. Those standards and U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey'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 Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's compliance.

Opinion on Each Major State Program

In our opinion, the Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's, 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 Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey's 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 Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey'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 federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB 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 Board of Education of the Shrewsbury School District, County of Monmouth, State of New Jersey'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 a 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 was for the limited purposes 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

**Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey**

December 1, 2017

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule A
K-3

Department of Education Project/Title	Federal C.F.D.A. Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2017			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
Special Revenue Fund:															
U.S. Department of Education															
Pass Through state Department of Education															
Title 1 Part A	84.010	S010A150030	N/A	\$13,060	9/1/2015	8/31/2016	\$ (13,060)		13,060						
Title 1 Part A	84.010	S010A160030	N/A	12,550	9/1/2016	8/31/2017			12,550	(12,550)					
Title II A Part A	84.367A	S367A160029	N/A	6,509	9/1/2016	8/31/2017			6,509	(6,509)					
IDEA Basic	84.027	H027A160100	N/A	123,345	9/1/2016	8/31/2017			123,345	(123,345)					
IDEA Preschool	84.173	H173A160114	N/A	5,569	9/1/2016	8/31/2017			5,569	(5,569)					
Total Special Revenue Fund							(13,060)	-	161,033	(147,973)	-	-	-	-	
Total Federal Financial Assistance							\$ (13,060)	-	161,033	(147,973)	-	-	-	-	

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Schedule B
K-4

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash	Budgetary	Adjustments/ Repayment/ of Prior Year Balances	Balance at June 30, 2017			MEMO		
			From	To	Unearned Revenue (Accts Rec)	Due To Grantor				Received	Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable
General Fund:															
Special Education Aid	17-495-034-5120-089	211,198	7/1/2016	6/30/2017	\$ -		192,102	(211,198)						(19,096)	211,198
Transportation Aid	17-495-034-5120-014	5,422	7/1/2016	6/30/2017			4,873	(5,422)						(549)	5,422
Security Aid	17-495-034-5120-084	7,973	7/1/2016	6/30/2017			7,315	(7,973)						(658)	7,973
Adjustment Aid	17-495-034-5120-085	2,810	7/1/2016	6/30/2017			2,591	(2,810)						(219)	2,810
PARCC Readiness Aid	17-495-034-5120-098	4,620	7/1/2016	6/30/2017			4,181	(4,620)						(439)	4,620
Per Pupil Growth Aid	17-495-034-5120-097	4,620	7/1/2016	6/30/2017			4,181	(4,620)						(439)	4,620
Professional Learning Community Aid	17-495-034-5120-101	5,000	7/1/2016	6/30/2017			4,451	(5,000)						(549)	5,000
Extraordinary Aid	16-495-034-5120-044	6,801	7/1/2015	6/30/2016	(6,801)		6,801								
Non-Public Transportation	16-495-034-5120-014	2,610	7/1/2015	6/30/2016	(2,610)		2,610								
Non-Public Transportation	17-495-034-5120-014	2,552	7/1/2016	6/30/2017				(2,552)		(2,552)					2,552
On-Behalf Teachers Pension & Annuity Fund	17-495-034-5094-002	729,681	7/1/2016	6/30/2017			729,681	(729,681)							729,681
Reimbursed TPAF Social Security Contributions	16-495-034-5095-003	273,313	7/1/2015	6/30/2016	(12,902)		12,902								
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	272,501	7/1/2016	6/30/2017			259,727	(273,501)		(13,774)					273,501
Total General Fund					(22,313)	-	1,231,415	(1,247,377)	-	(16,326)	-	-	-	(21,949)	1,247,377
Special Revenue Fund:															
Non-Public Textbooks	16-100-034-5120-064	2,684	7/1/2015	6/30/2016		402			(402)						
Non-Public Textbooks	17-100-034-5120-064	3,055	7/1/2016	6/30/2017			3,055	(1,184)							1,184
Non-Public Nursing	17-100-034-5120-070	4,770	7/1/2016	6/30/2017			4,770	(3,266)				1,871			3,266
Non-Public Nursing	16-100-034-5120-070	4,230	7/1/2015	6/30/2016		1,520			(1,520)						
Non-Public Technology	16-100-034-5120-373	1,222	7/1/2015	6/30/2016		1			(1)						
Non-Public Technology	17-100-034-5120-373	1,378	7/1/2016	6/30/2017			1,378	(1,377)				1			1,377
Non-Public Security	16-100-034-5120-509	1,175	7/1/2015	6/30/2016		105			(105)						
Non-Public Security	17-100-034-5120-509	2,650	7/1/2016	6/30/2017			2,650	(2,620)				30			2,620
Exam and Classification Initial	17-100-034-5120-066	3,780	7/1/2016	6/30/2017			3,780	(3,780)							3,780
Exam and Classification Annual	17-100-034-5120-066	361	7/1/2016	6/30/2017			361	(361)							361
Supplemental Instruction	17-100-034-5120-066	2,903	7/1/2016	6/30/2017			2,903	(2,903)							2,903
Corrective Speech	17-100-034-5120-066	8,747	7/1/2016	6/30/2017			8,747	(7,157)				1,590			7,157
Total Special Revenue Fund					-	2,028	27,644	(22,648)	(2,028)	-	-	4,996	-	-	22,648
Capital Projects Fund:															
Renovations and Additions	N/A	2,171,600	7/1/2001	6/30/2002	(371,084)						(371,084)				
Generator Grant FEC EDA	4770-050-09-1001	67,360	7/1/2009	6/30/2010	(57,186)						(57,186)				
Total Capital Projects Fund					(428,270)	-	-	-	-	-	(428,270)	-	-	-	-
Total State Financial Assistance					\$ (450,583)	2,028	1,259,059	(1,270,025)	(2,028)	(444,596)	-	4,996	(21,949)	1,270,025	

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION

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SHREWSBURY SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS OF FINANCIAL ASSISTANCE****JUNE 30, 2017****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Shrewsbury School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. Programs recorded in the food service fund include the National School Lunch Program, the School Breakfast Program, and the U.S.D.A Commodities Program. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>State Assistance</u>			
Actual Amounts (Budgetary)			
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 1,247,377	22,648	1,270,025
Difference – Budget to “GAAP”			
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized			
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	(618)	_____	(618)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 1,246,759</u>	<u>22,648</u>	<u>1,269,407</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<u>Federal Assistance</u>			
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$	147,973	147,973
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	—	—	—
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances	\$	<u>147,973</u>	<u>147,973</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: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the 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.

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I - Summary of Auditor's Results

Financial Statement Section

	Description
(A) Type of auditor's report issued on financial statements	Unmodified
(B) Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ Yes <u> x </u> No
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes <u> x </u> None Reported
Noncompliance material to basic financial statements noted?	_____ Yes <u> x </u> No

Federal Awards

NOT APPLICABLE

State Awards

Dollar threshold used to distinguish between type A and type B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> x </u> Yes _____ No
Type of auditor's report issued on compliance for major programs:	<u> Unmodified </u>
Internal Control over major programs:	
(1) Material Weakness(es) identified?	_____ Yes <u> x </u> No
(2) Reportable condition(s) identified that are not considered to material weaknesses?	_____ Yes <u> x </u> None Reported
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 15-08?	_____ Yes <u> x </u> No

Identification of major programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-089	Special Education Aid - Public Cluster
17-495-034-5120-084	Security Aid - Public Cluster
17-495-034-5120-085	Additional Adjustment Aid - Public Cluster
17-495-034-5120-014	Transportation Aid - Public Cluster
17-495-034-5120-097	Per Pupil Growth Aid - Public Cluster
17-495-034-5120-098	PARCC Readiness Aid - Public Cluster
17-495-034-5120-101	Professional Learning Community Aid - Public Cluster
17-495-034-5094-003	Reimbursed TPAF Social Security Contributions

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part II - Schedule of 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 Chapter 5.18 of *Government Auditing Standards*.

There are none.

SHREWSBURY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*Part III - Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs*

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulation Part 200 and OMB Circular Letter 15-08.

Current Year Federal Awards

Not Applicable

Current Year State Awards

Not Applicable

SHREWSBURY SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Status of Prior Year Findings

There were none.