

SHAMONG TOWNSHIP SCHOOL DISTRICT

Shamong, New Jersey

County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHAMONG TOWNSHIP SCHOOL DISTRICT

SHAMONG, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prepared by

**Shamong Township Board of Education
Finance Department**

OUTLINE OF CAFR

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
FINANCIAL SECTION	
Independent Auditor's Report	13
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion & Analysis	19
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	53
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	93
C-1a Combining Schedule of Revenue, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grant	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	99
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	103

(continued)

OUTLINE OF CAFR (continued):

PAGE

REQUIRED SUPPLEMENTARY INFORMATION - PART II

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	109
L-2 Schedule of the District Contributions – PERS	110
L-3 State's Proportionate Share of the Net Pension Liability Associated With the District's – TPAF	111
L-4 Schedule of School District Contributions - TPAF	112
M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)	
M-1 Schedule of Changes in the Net OPEB Liability and Related Ratios - OPEB	115

Notes to the Required Supplementary Information - Part III	119
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Other Supplementary Information

D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	125
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	129
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	130
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Indian Mills Memorial School Replacement of Exterior Doors	131
F-2b Schedule of Revenues, Expenditures, Project Balance & Project Status - Indian Mills Memorial School Security Upgrades	132
F-2c Schedule of Revenues, Expenditures, Project Balance & Project Status - Indian Mills School Classroom Air Conditioning	133
F-2d Schedule of Revenues, Expenditures, Project Balance & Project Status - Indian Mills School Security Upgrades	134
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

(continued)

OUTLINE OF CAFR (continued):

PAGE

H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	143
H-2 Combining Statement of Changes in Fiduciary Net Position	144
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	145
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	145
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	149
I-2 Schedule of Obligations Under Capital Leases	150
I-3 Debt Service Fund Budgetary Comparison Schedule	151

STATISTICAL SECTION (unaudited)

Financial Trends:	
J-1 Net Position by Component	157
J-2 Changes in Net Position	158
J-3 Fund Balances - Governmental Funds	161
J-4 Changes in Fund Balance - Governmental Funds	162
Revenue Capacity:	
J-5 Other Local Revenue by Source - General Fund	165
J-6 Assessed Value & Estimated Actual Value of Taxable Property	166
J-7 Direct & Overlapping Property Tax Rates	167
J-8 Principal Property Taxpayers	168
J-9 Property Tax Levies & Collections	169
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	173
J-11 Ratios of General Bonded Debt Outstanding	174
J-12 Direct & Overlapping Governmental Activities Debt	174
J-13 Legal Debt Margin Information	175
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	179
J-15 Principal Employers	179
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	183
J-17 Operating Statistics	184
J-18 School Building Information	185
J-19 Schedule of Required Maintenance	186
J-20 Insurance Schedule	187

SINGLE AUDIT SECTION

K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	191
K-2 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08	193
K-3 Schedule of Expenditures of Federal Awards, Schedule A	197
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	198
K-5 Notes to Schedules of Awards and Financial Assistance	199
K-6 Schedule of Findings & Questioned Costs	
Section I - Summary of Auditor's Results	201
Section II - Financial Statement Findings	203
Section III - Federal Awards and State Financial Assistance Findings & Questioned Costs	204
K-7 Summary Schedule of Prior Audit Findings	205

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INTRODUCTORY SECTION

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**SHAMONG TOWNSHIP
SCHOOL DISTRICT
295 INDIAN MILLS ROAD
SHAMONG, NEW JERSEY 08088-9513**

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

Laura Archer
School Business Administrator/
Board Secretary
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January 14, 2021

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Shamong Township School District for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Shamong Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

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

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular education as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	718	-2.18%
2018-2019	734	-2.78%
2017-2018	755	-2.58%
2016-2017	775	0.13%
2015-2016	774	-3.97%
2014-2015	806	-3.36%
2013-2014	834	-7.54%
2012-2013	902	-0.66%
2011-2012	908	-1.20%
2010-2011	919	-1.82%

ECONOMIC CONDITION AND OUTLOOK

Shamong is located within the Pinelands Preservation area and development is highly regulated. The community's population has declined slightly. The community has not experienced an increase in businesses, therefore, there has been an increase in residential property taxes to support the local and regional school system.

Housing development is expected to continue for those areas already designated on the Master Plan. There is a need to attract some business and industry to broaden the tax base and give some relief to the homeowners. Shamong is a stable bedroom community and a desired place to reside. The national economic conditions and state budget cuts have not changed the quality of education in the District. The intended \$1.1 million in state aid cuts that have been approved by the Governor of New Jersey will continue to have a negative impact on our budget and make it difficult to balance providing a quality education with decreased state aid.

MAJOR INITIATIVES

Academic: Major initiatives in the area of instruction included:

- 1) GoMath Coaching Grades 4 & 5 Teachers of grades 4 & 5 had an outside trainer from Houghton Mifflin observe and give feedback over the course of the school year. Group discussions, peer observations and self-reflection were part of the coaching process,
- 2) Curriculum Review of Social Studies - Adoption of K-6 SS textbook series.

Community:

District Wide - Each building, elementary and middle, held a Family Math Night, an interactive night for parents and students to explore math through various games and activities.

IMS – Family Science Night, Family Literacy Night” Passport to Reading”

IMMS – Career Day, Maker Fair

Academic Support Funding: Academic Support Funding: The Shamong Foundation for Educational Excellence was formed early in the 2002-2003 school year. Several mini-grants were awarded to teachers over the past year to support unique educational projects, including but not limited to; “We are Family” Kindness, Inclusion, and Diversity Quilt, “Battling Bots: Customize, Code, and Compete”, and “Books are Like Geodes: Each one has a special surprise inside!”

Facilities: The district was approved through their 19-20 budget to continue projects at both buildings, including but not limited to: concrete, carpeting of classrooms, chiller project, interior painting, etc. The middle school had a new digital sign installed at the front entrance of the school and a playground project was started at the elementary school. Security continues to be a priority for each building, an interior door project was completed at the middle school with swipe access added to all interior classroom doors.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

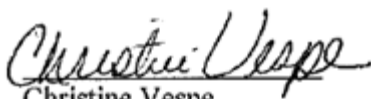
INDEPENDENT AUDIT

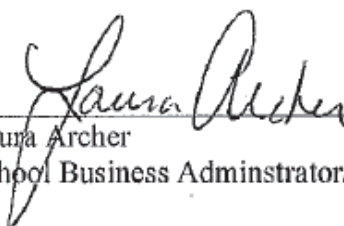
State statutes require an annual audit by independent certified public accountants. The accounting firm of Holt McNally & Associates, Inc., Certified Public Accounts & Advisors, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit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

ACKNOWLEDGEMENTS

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

Respectfully submitted,


Christine Vespe
Superintendent

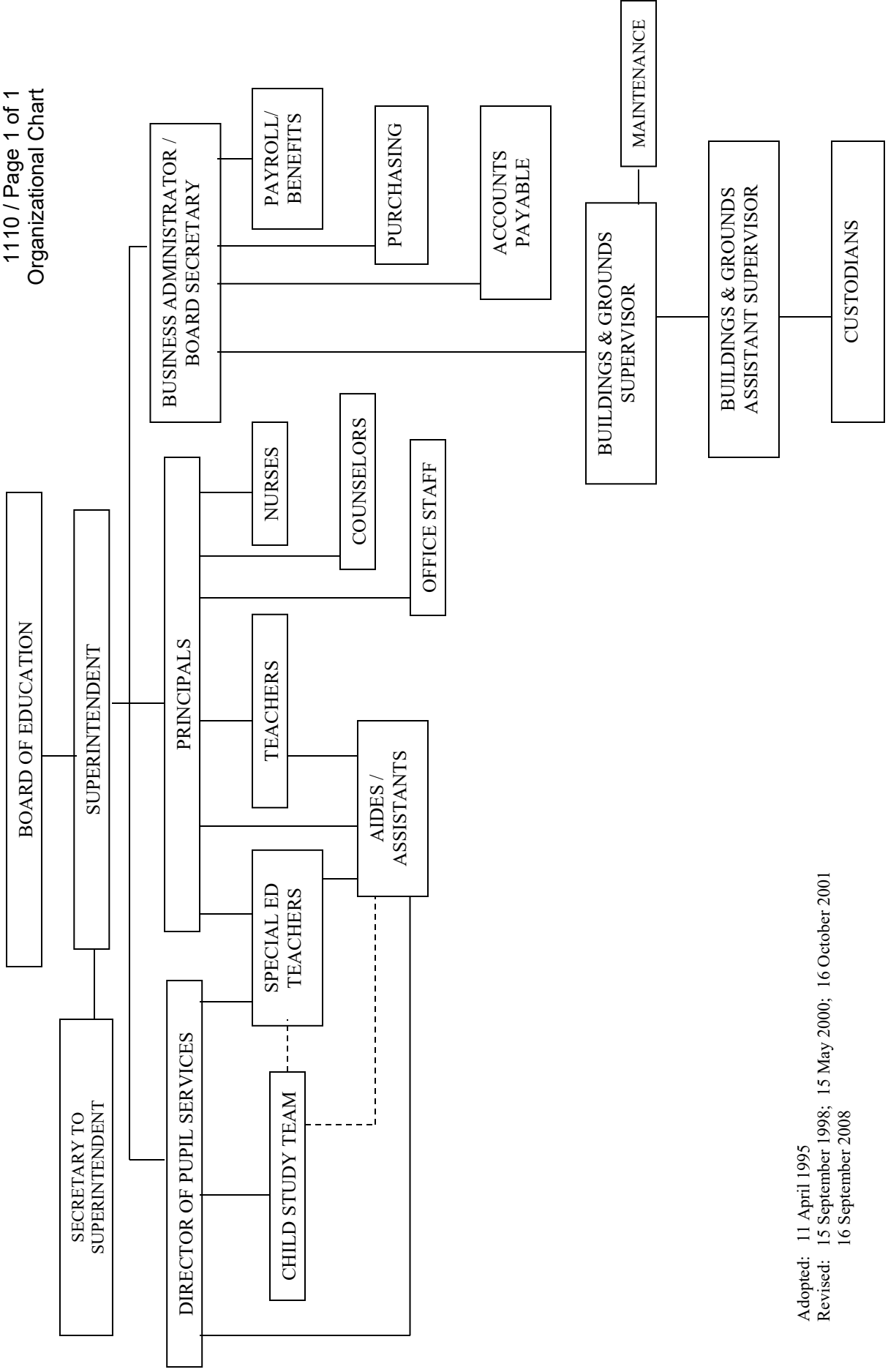


Laura Archer
School Business Administrator/Board Secretary

POLICY

SHAMONG TOWNSHIP BOARD OF EDUCATION

ADMINISTRATION
1110 / Page 1 of 1
Organizational Chart



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

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

ROSTER OF OFFICIALS

JUNE 30, 2020

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Melissa Ciliberti, President	2020
Jeffrey Warner, Vice President	2022
Jeffrey Siedlecki, Jr.	2022
Anne Ehrke	2020
Frank Locantore	2021

OTHER OFFICIALS

Christine Vespe, Superintendent

Laura Archer, Business Administrator/Board Secretary

Richard Kaz, Treasurer

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

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

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holt McNally & Associates, Inc.
David T. McNally, CPA, PSA
618 Stokes Road
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ATTORNEY

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Parker McCay
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OFFICIAL DEPOSITORY

Republic Bank
2 Skeet Road
Medford, New Jersey 08055

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, County of Burlington, State of New Jersey, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shamong Township School District's basic financial statements. The introductory section, combining and individual fund statements long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, 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*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements..

The combining and individual fund financial statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 14, 2021

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

As management of the Shamong Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Financial Analysis of the School District

Table 1 provides a summary of the School Districts net position for the fiscal years 2020 compared to fiscal year 2019.

Table 1
Summary of Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 6,126,530	\$ 4,567,314	\$ 1,559,216	34.1%
Capital Assets, Net	10,814,072	11,046,327	(232,255)	-2.1%
Total Assets	<u>16,940,602</u>	<u>15,613,641</u>	1,326,961	8.5%
Deferred Outflow of Resources	<u>747,961</u>	1,219,928	(471,967)	-38.7%
Current and other Liabilities	748,907	185,066	563,841	304.7%
Noncurrent Liabilities	<u>4,968,078</u>	<u>5,926,732</u>	(958,654)	-16.2%
Total Liabilities	<u>5,716,985</u>	<u>6,111,798</u>	(394,813)	-6.5%
Deferred Inflow of Resources	<u>1,842,840</u>	1,489,204	353,636	23.7%
Net Position:				
Net Investment in Capital Asset	9,157,345	9,456,269	(298,924)	-3.2%
Restricted	5,413,101	4,449,235	963,866	21.7%
Unrestricted (Deficit)	<u>(4,441,708)</u>	<u>(4,672,937)</u>	231,229	-4.9%
Total Net Position	<u>\$ 10,128,738</u>	<u>\$ 9,232,567</u>	\$ 896,171	9.7%

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

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

Table 2 shows the changes in net position for fiscal year 2020 compared to fiscal year 2019.

Table 2
Summary of Changes in Net Position

	June 30, <u>2020</u>	June 30, <u>2019</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 112,613	\$ 163,934	\$ (51,321)	-31.3%
Operating Grants & Contributions	3,141,142	4,038,132	(896,990)	-22.2%
General Revenues:				
Property Taxes	9,703,606	9,511,338	192,268	2.0%
Federal & State Aid	4,132,111	4,252,553	(120,442)	-2.8%
Other General Revenues	428,959	266,314	162,645	61.1%
Total Revenues	<u>17,518,431</u>	<u>18,232,271</u>	<u>(713,840)</u>	<u>-3.9%</u>
Function/Program Expenses:				
Regular Instruction	4,106,304	4,195,061	(88,757)	-2.1%
Special Education Instruction	1,425,117	1,442,181	(17,064)	-1.2%
Other Instruction	327,055	324,508	2,547	0.8%
Tuition	228,253	129,315	98,938	76.5%
Health Services	142,711	139,301	3,410	2.4%
Student & Instruction Related Services	1,017,152	1,021,608	(4,456)	-0.4%
Educational Media Services	276,604	295,504	(18,900)	-6.4%
General Administrative	370,218	380,759	(10,541)	-2.8%
School Administrative Services	486,844	472,684	14,160	3.0%
Central Services	275,525	311,049	(35,524)	-11.4%
Plant Operations & Maintenance	1,183,197	1,263,238	(80,041)	-6.3%
Pupil Transportation	678,388	730,057	(51,669)	-7.1%
Unallocated Benefits	2,511,466	3,579,712	(1,068,246)	-29.8%
On Behalf TPAF Pension and Social				
Security Contributions	2,568,493	2,522,412	46,081	1.8%
Interest & Other Charges	71,577	75,756	(4,179)	-5.5%
Unallocated Depreciation	754,142	762,196	(8,054)	-1.1%
Food Service	199,214	232,534	(33,320)	-14.3%
Total Expenses	<u>16,622,260</u>	<u>17,877,875</u>	<u>(1,255,615)</u>	<u>-7.0%</u>
Change In Net Position	896,171	354,396	541,775	152.9%
Net Position - Beginning	<u>9,232,567</u>	<u>8,878,171</u>	<u>354,396</u>	<u>4.0%</u>
Net Position - Ending	<u>\$ 10,128,738</u>	<u>\$ 9,232,567</u>	<u>\$ 896,171</u>	<u>9.7%</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Governmental Activities

During the fiscal year 2020, the net position of governmental activities increased by \$932,558 or 10.15%. The primary reasons for the increase was; savings in unallocated benefits due to renewal rates less than budgeted percentage amounts, increase in operating grants & contributions due to a school health insurance fund surplus that was due to the district, and a decrease in special education instruction costs due to budget reduction from outsourcing aides and assistants.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$10,122,392, with an unrestricted deficit balance of \$(4,442,747). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

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

Table 3
GASB 68 Effect on Unrestricted Net Position

Unrestricted Net Position (With GASB 68)	\$ (4,442,747)
Add back: PERS Pension Liability	3,103,267
Less: Deferred Outflows related to pensions	(747,961)
Add back: Deferred Inflows related to pensions	1,842,840
Unrestricted Net Position (Without GASB 68)	\$ (244,601)

Business-type Activities

During the fiscal year 2020, the net position of business-type activities decreased by \$36,387 or 85.15%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$6,346.

General Fund Budgeting Highlights

Final budgeted revenues was \$13,672,160, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$436,262.

Final budgeted appropriations was \$14,672,684, which was an increase of \$208,358 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget and a transfer from Capital Reserve. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$1,594,542.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$5,649,033 at June 30, 2020, an increase of \$1,030,280 from the prior year.

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$5,572,618, an increase of \$1,042,367 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District’s general fund increased by \$1,042,367. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Unexpended balance of unallocated benefits
- Additional miscellaneous revenue

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

Capital projects fund - There was no change in the fund balance for the capital projects fund.

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

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District’s food service fund decreased by \$36,387. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Decrease in revenues due to COVID-19

Capital Assets

The School District’s capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$10,814,072 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District’s investment in capital assets for the current fiscal year in the amount of \$232,254. This increase is primarily due to the current year depreciation expense. Table 4 shows fiscal 2020 balances compared to 2019.

Table 4
Summary of Capital Assets

<u>Capital Assest (Net of Depreciation):</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 1,068,766	\$ 1,068,766	\$ -	0.0%
Construction in Progress	1,424,762	1,424,762	-	0.0%
Building and Improvements	6,880,189	7,532,785	(652,596)	-8.7%
Equipment	1,440,355	1,020,013	420,342	41.2%
	<u>\$ 10,814,072</u>	<u>\$ 11,046,326</u>	<u>\$ (232,254)</u>	<u>-2.1%</u>

Depreciation expense for the year was \$759,125. Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

SHAMONG TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of 994,000, which is a decrease of \$140,000 from the prior year.

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

Factors on the School District's Future

It is the opinion of the Superintendent and School Business Administrator that the Shamong Township School District is presently in good financial condition. However, the major concern of the District is state aid which has been and will continue to decrease over the next years. The School District is proud of its community support, the support of the Home & School Association and the Shamong Foundation for Educational Excellence.

Shamong Township is primarily a rural, residential community with very few commercial ratables; thus it becomes the responsibility of homeowners to contribute the majority of the tax burden. The increase in the School District's operating budget mostly due to contractual salaries, capital improvements, and special education and the lack of adequate state funding and federal revenues will inevitably result in increased property taxes.

In conclusion, the Shamong Township School District has committed itself to financial excellence for many years. The School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future, primarily the decrease in state aid due to S2 Legislation.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Laura Archer, School Business Administrator/Board Secretary, at the Shamong Board of Education, 295 Indian Mills Road, Shamong, New Jersey 08088.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SHAMONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
Cash & Cash Equivalents	\$ 5,951,135	\$ -	\$ 5,951,135
Receivables, Net (Note 4)	152,288	11,637	163,925
Internal Balances	(2,545)	2,545	-
Inventory	-	11,470	11,470
Capital Assets, Non-Depreciable (Note 5)	2,493,528	-	2,493,528
Capital Assets, Depreciable (Note 5)	8,315,237	5,307	8,320,544
Total Assets	16,909,643	30,959	16,940,602
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	747,961	-	747,961
Total Deferred Outflows of Resources	747,961	-	747,961
Total Assets and Deferred Outflows of Resources	17,657,604	30,959	17,688,563
LIABILITIES			
Cash Deficit	-	24,613	24,613
Accrued Interest	12,149	-	12,149
Due to Other Governments	183,885	-	183,885
Unearned Revenue	528,260	-	528,260
Noncurrent Liabilities (Note 7):			
Due Within One Year	326,273	-	326,273
Due Beyond One Year	4,641,805	-	4,641,805
Total Liabilities	5,692,372	24,613	5,716,985
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	1,842,840	-	1,842,840
Total Deferred Inflows of Resources	1,842,840	-	1,842,840
Total Liabilities and Deferred Inflows of Resources	7,535,212	24,613	7,559,825
NET POSITION			
Net Investment in Capital Assets	9,152,038	5,307	9,157,345
Restricted For:			
Capital Projects	3,602,100	-	3,602,100
Debt Service	1	-	1
Emergency Reserve	96,000	-	96,000
Maintenance Reserve	70,000	-	70,000
Excess Surplus	1,645,000	-	1,645,000
Unrestricted	(4,442,747)	1,039	(4,441,708)
Total Net Position	\$ 10,122,392	\$ 6,346	\$ 10,128,738

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES	OPERATING	GOVERNMENTAL	BUSINESS- TYPE	TOTALS
		FOR	GRANTS &			
		SERVICES	CONTRIBUTIONS			
Governmental Activities:						
Instruction:						
Instruction - Regular Programs	\$ 4,106,304	\$ -	\$ -	\$ (4,106,304)	\$ -	\$ (4,106,304)
Special Education	1,425,117	-	257,942	(1,167,175)	-	(1,167,175)
Other Special Instruction	217,326	-	-	(217,326)	-	(217,326)
Other Instruction	109,729	-	-	(109,729)	-	(109,729)
Support Services:						
Tuition	228,253	-	-	(228,253)	-	(228,253)
Health Services	142,711	-	24,042	(118,669)	-	(118,669)
Student & Instruction Related Services	1,017,152	-	-	(1,017,152)	-	(1,017,152)
Educational Media Services/School						
Library	276,604	-	-	(276,604)	-	(276,604)
General Administrative Services	370,218	-	-	(370,218)	-	(370,218)
School Administrative Services	486,844	-	-	(486,844)	-	(486,844)
Central Services	275,525	-	-	(275,525)	-	(275,525)
Plant Operations & Maintenance	1,183,197	-	-	(1,183,197)	-	(1,183,197)
Pupil Transportation	678,388	-	-	(678,388)	-	(678,388)
Employee Benefits	2,511,466	-	207,847	(2,303,619)	-	(2,303,619)
On Behalf TPAF Pension and Social						
Security Contributions	2,568,493	-	2,568,493	-	-	-
Interest and Charges on Long-Term Debt	71,577	-	33,663	(37,914)	-	(37,914)
Unallocated Depreciation	754,142	-	-	(754,142)	-	(754,142)
Total Governmental Activities	16,423,046	-	3,091,987	(13,331,059)	-	(13,331,059)
Business-Type Activities:						
Food Service	199,214	112,613	49,155	-	(37,446)	(37,446)
Total Business-Type Activities	199,214	112,613	49,155	-	(37,446)	(37,446)
Total Primary Government	\$ 16,622,260	\$ 112,613	\$ 3,141,142	\$ (13,331,059)	\$ (37,446)	\$ (13,368,505)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				9,703,606	-	9,703,606
Federal & State Aid Unrestricted				4,132,111	-	4,132,111
Tuition Received				19,376	-	19,376
Miscellaneous Income				408,524	1,059	409,583
Total General Revenues, Special Items, Extraordinary Items & Transfers				14,263,617	1,059	14,264,676
Change In Net Position				932,558	(36,387)	896,171
Net Position - Beginning				9,189,834	42,733	9,232,567
Net Position - Ending				\$ 10,122,392	\$ 6,346	\$ 10,128,738

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

B. Fund Financial Statements

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Governmental Funds

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Cash & Cash Equivalents	\$ 2,179,854	\$ -	\$ 333,462	\$ 1	\$ 2,513,317
Accounts Receivable:					
Federal	-	16,355	-	-	16,355
State	91,862	-	-	-	91,862
Other	24,893	19,178	-	-	44,071
Interfund	10,713	-	-	-	10,713
Restricted Cash	3,445,351	-	-	-	3,445,351
Total Assets	\$ 5,752,673	\$ 35,533	\$ 333,462	\$ 1	\$ 6,121,669
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 7,533	\$ -	\$ -	\$ 7,533
Interfund Payable	2,545	-	10,713	-	13,258
Unearned Revenue	500,260	28,000	-	-	528,260
Total Liabilities	502,805	35,533	10,713	-	549,051
Fund Balances:					
Restricted:					
Maintenance Reserve	70,000	-	-	-	70,000
Emergency Reserve	96,000	-	-	-	96,000
Capital Reserve	3,279,351	-	-	-	3,279,351
Capital Projects	-	-	322,749	-	322,749
Debt Service	-	-	-	1	1
Excess Surplus - Current Year	855,000	-	-	-	855,000
Excess Surplus Designated for Subsequent Year's Expenditures	790,000	-	-	-	790,000
Assigned:					
Designated for Subsequent Year's Expenditures	-	-	-	-	-
Other Purposes	220,083	-	-	-	220,083
Unassigned	(60,566)	-	-	-	(60,566)
Total Fund Balances	5,249,868	-	322,749	1	5,572,618
Total Liabilities & Fund Balances	\$ 5,752,673	\$ 35,533	\$ 333,462	\$ 1	

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 \$24,325,260 and the accumulated depreciation is \$13,516,495.	10,808,765
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	(1,094,879)
Accrued interest payable is not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(12,149)
Accrued pension contributions for the June 30, 2020 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(183,885)
Long-term liabilities, including net pension liability, bonds payable, bond premium, capital leases, post retirement liability and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(4,968,078)
Net Position of Governmental Activities	\$ 10,122,392

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 9,560,498	\$ -	\$ -	\$ 143,108	\$ 9,703,606
Tuition	19,376	-	-	-	19,376
Miscellaneous	400,707	23,607	7,817	-	432,131
Total Local Sources	9,980,581	23,607	7,817	143,108	10,155,113
State Sources	6,327,748	-	-	33,663	6,361,411
Federal Sources	-	262,159	-	-	262,159
Total Revenues	16,308,329	285,766	7,817	176,771	16,778,683
Expenditures:					
Current:					
Instruction - Regular Programs	4,106,304	-	-	-	4,106,304
Special Education	1,167,175	257,942	-	-	1,425,117
Other Special Instruction	217,326	-	-	-	217,326
Other Instruction	109,729	-	-	-	109,729
Support Services:					
Tuition	228,253	-	-	-	228,253
Attendance and Social Work Services	31,965	-	-	-	31,965
Health Services	142,711	-	-	-	142,711
Student & Instruction Related Services	961,145	24,042	-	-	985,187
Educational Media Services/School					
Library	276,604	-	-	-	276,604
General Administrative Services	370,218	-	-	-	370,218
School Administrative Services	486,844	-	-	-	486,844
Central Services	275,525	-	-	-	275,525
Plant Operations & Maintenance	1,259,476	-	-	-	1,259,476
Pupil Transportation	678,388	-	-	-	678,388
Employee Benefits	4,682,618	3,782	-	-	4,686,400
Capital Outlay	779,498	-	-	-	779,498
Debt Service:					
Principal	-	-	-	140,000	140,000
Interest & Other Charges	-	-	-	36,771	36,771
Total Expenditures	15,773,779	285,766	-	176,771	16,236,316
Excess/(Deficiency) of Revenues Over (Under) Expenditures	534,550	-	7,817	-	542,367
Other Financing Sources/(Uses):					
Lease-Purchase Agreement Proceeds	500,000	-	-	-	500,000
Operating Transfers In -	7,817	-	-	-	7,817
Operating Transfers (Out) -	-	-	(7,817)	-	(7,817)
Total Other Financing Sources/(Uses)	507,817	-	(7,817)	-	500,000
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	1,042,367	-	-	-	1,042,367
Fund Balances July 1	4,207,501	-	322,749	1	4,530,251
Fund Balances June 30	\$ 5,249,868	\$ -	\$ 322,749	\$ 1	\$ 5,572,618

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	1,042,367
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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:</p>		
Depreciation Expense	\$ (754,142)	
Capital Outlays	<u>526,000</u>	(228,142)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		140,000
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
		115,472
<p>Proceeds from capitals leases are a financing sources in the governmental funds. They are not revenue in the statement of activities: issuing debt increases long-term liabilities in the statement of net position.</p>		
		(500,000)
<p>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.</p>		
Accrued Interest Prior Year	13,789	
Accrued Interest Current Year	<u>(12,149)</u>	1,640
<p>In the statement of activities, the reduction for Capital Leases should not be an expenditure. Thus the change in Net Position will differ from the change in fund balance by the cost of the asset removed (-).</p>		
Retirement of Lease		290,639
<p>Deferred charges on Refunding of Debt and premiums from refunded debt issuances are recorded when incurred in the governmental funds but are accrued and expensed over time in the statement of activities.</p>		
Amortization of Bond Premium		2,692
<p>Increase of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Current Year	(208,084)	
Prior Year	<u>275,974</u>	67,890
Change in Net Position of Governmental Activities	\$	<u><u>932,558</u></u>

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

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Proprietary Funds

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2020**

ASSETS	<u>TOTAL FOOD SERVICE</u>
Current Assets:	
Accounts Receivable:	
State	\$ 821
Federal	10,816
Interfund	2,545
Inventories	<u>11,470</u>
Total Current Assets	<u>25,652</u>
Noncurrent Assets:	
Furniture, Machinery & Equipment	63,622
Less: Accumulated Depreciation	<u>(58,315)</u>
Total Capital Assets	<u>5,307</u>
Total Assets	<u>30,959</u>
LIABILITIES	
Cash Deficit	<u>24,613</u>
Total Liabilities	<u>24,613</u>
NET POSITION	
Net Investment in Capital Assets	5,307
Unrestricted	<u>1,039</u>
Total Net Position	<u><u>\$ 6,346</u></u>

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	TOTALS
	FOOD SERVICE FUND
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 56,019
Daily Sales - Nonreimbursable Programs	56,594
Miscellaneous	1,059
Total Operating Revenue	113,672
Operating Expenses:	
Cost of Sales - Reimbursable Programs	40,699
Cost of Sales - Nonreimbursable Programs	26,085
Salaries & Benefits	79,170
Miscellaneous Expenses	24,396
Management Fee	19,065
Supplies and Materials	5,686
Depreciation	4,113
Total Operating Expenses	199,214
Operating Income/(Loss)	(85,542)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,839
Federal Sources:	
National School Lunch Program	33,436
Healthy Hunger-Free Kids Act	1,871
Food Distribution Program	12,009
Total Nonoperating Revenues/(Expenses)	49,155
Change in Net Position	(36,387)
Total Net Position - Beginning	42,733
Total Net Position - Ending	\$ 6,346

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	TOTALS
	FOOD SERVICE FUND
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 118,071
Payments to Employees	(79,170)
Payments to Suppliers	(119,566)
Net Cash Provided/(Used) by Operating Activities	(80,665)
Cash Flows From Noncapital Financing Activities:	
State Sources	1,124
Federal Sources	38,953
Net Cash Provided/(Used) by Noncapital Financing Activities	40,077
Net Increase/(Decrease) in Cash & Cash Equivalents	(40,588)
Balances - Beginning of Year	15,975
Balances - End of Year	\$ (24,613)
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (85,542)
Adjustments to Reconcile Operating Income/(Loss) to	
Net Cash Provided/(Used For) Operating Activities:	
Depreciation & Net Amortization	4,113
(Increase)/Decrease in Other A/R	4,399
(Increase)/Decrease in Inventories	(3,635)
Net Cash Provided/(Used) by Operating Activities	\$ (80,665)

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

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Fiduciary Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTALS
	UNEMPLOYMENT COMPENSATION INSURANCE	STUDENT ACTIVITY	PAYROLL		
Cash & Cash Equivalents	\$ 72,378	\$ 44,347	\$ 26,368		\$ 143,093
Total Assets	<u>72,378</u>	<u>44,347</u>	<u>26,368</u>		<u>143,093</u>
LIABILITIES					
Payroll Deductions & Withholdings	-	-	20,625		20,625
Due to Employees	-	-	5,743		5,743
Due to Student Groups	-	44,347	-		44,347
Total Liabilities	<u>-</u>	<u>44,347</u>	<u>26,368</u>		<u>70,715</u>
NET POSITION					
Restricted for Unemployment	<u>72,378</u>	-	-		<u>72,378</u>
Total Net Position	<u>\$ 72,378</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 72,378</u>

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE
ADDITIONS	
Local Sources:	
Employee Contributions	<u>\$ 29,401</u>
Total Additions	<u>29,401</u>
DEDUCTIONS	
Unemployment Compensation	
Insurance Claims	<u>296</u>
Total Deductions	<u>296</u>
Change in Net Position	29,105
Net Position - Beginning of the Year	<u>43,273</u>
Net Position - End of the Year	<u><u>\$ 72,378</u></u>

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

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SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Shamong Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Shamong Township School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the District is to educate students in grades kindergarten through eighth at its three schools. The District has an approximate enrollment at June 30, 2020 of 718 students.

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

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

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

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB 80, Blending Requirements for certain component units – and Amendment of Gas Statement No. 14. The District had no component units as of for the year ended June 30, 2020.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

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

Government-Wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

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

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

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

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

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

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

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

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

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

Budgets/Budgetary Control

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

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

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

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

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

Encumbrances

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

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

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

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

Cash and Cash Equivalents

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

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

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

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2020 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

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

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

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

Capital Assets

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

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

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

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

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

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

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

Bond Premiums, Discounts and Issuance Costs

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

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

Pensions

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

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

Fund Balance

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds

were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2020.

- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

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

Net Position

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

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

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2020:

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2020, the School District’s bank balance of \$6,168,231 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 5,507,487
Uninsured and Uncollateralized	<u>660,744</u>
	<u>\$ 6,168,231</u>

Investments

The School District had no investments at June 30, 2020.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the Shamong Township School District by inclusion of \$100,000 in the original 1995-1996 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 2,380,485
Increased by:	
Interest Earnings	150
Deposits approved by Board	<u>898,716</u>
Ending Balance, June 30, 2020	<u>\$ 3,279,351</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is \$5,145,719. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the School District's Long Rang Facilities Plan.

Maintenance Reserve

Shamong Township School District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The balance of the maintenance reserve account at June 30, 2020 is \$70,000. There was no activity for the current fiscal year.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 3. Reserve Accounts (continued)

Emergency Reserve

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

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

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

The balance of the emergency reserve account at June 30, 2020 is \$96,000. There was no activity for the current fiscal year.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2020 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District’s individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>			<u>Proprietary</u>	
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Funds Food Service Fund</u>	<u>Total Business-Type Activities</u>
Federal Awards \$	-	\$ 16,355	\$ 16,355	\$ 10,816	\$ 10,816
State Awards	91,862	-	91,862	821	821
Other	24,893	19,178	44,071	-	-
Total	\$ 116,755	\$ 35,533	\$ 152,288	\$ 11,637	\$ 11,637

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	<u>Adjustments</u>	Balance June 30, <u>2020</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,068,766	\$ -	\$ -	\$ -	\$ 1,068,766
Construction in Progress	1,424,762	-	-	-	1,424,762
Total Capital Assets not being depreciated	<u>2,493,528</u>	-	-	-	<u>2,493,528</u>
Capital Assets being depreciated:					
Buildings and Improvements	19,601,570	-	-	-	19,601,570
Equipment	1,703,196	526,000	-	966	2,230,162
Total Capital Assets being depreciated	<u>21,304,766</u>	<u>526,000</u>	-	<u>966</u>	<u>21,831,732</u>
Less: Accumulated Depreciation:					
Buildings and Improvements	(12,068,785)	(652,596)	-	-	(12,721,381)
Equipment	(692,602)	(102,416)	-	(96)	(795,114)
Total Accumulated Depreciation	<u>(12,761,387)</u>	<u>(755,012)</u>	-	<u>(96)</u>	<u>(13,516,495)</u>
Total Capital Assets being depreciated, net	<u>8,543,379</u>	<u>(229,012)</u>	-	<u>870</u>	<u>8,315,237</u>
Total Governmental Activities Capital Assets, net	<u>\$ 11,036,907</u>	<u>\$ (229,012)</u>	<u>\$ -</u>	<u>\$ 870</u>	<u>\$ 10,808,765</u>
	Balance July 1, <u>2019</u>	<u>Additions</u>	Retirements <u>and Transfers</u>		Balance June 30, <u>2020</u>
Business-Type Activities:					
Equipment	\$ 63,622	\$ -	\$ -		\$ 63,622
	<u>63,622</u>	-	-		<u>63,622</u>
Less: Accumulated Depreciation:					
Equipment	(54,202)	(4,113)	-		(58,315)
	<u>(54,202)</u>	<u>(4,113)</u>	-		<u>(58,315)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 14,346</u>	<u>\$ (4,113)</u>	<u>\$ -</u>		<u>\$ 5,307</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2020 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 10,713	\$ 2,545
Capital Projects Fund	-	10,713
Food Service Fund	2,545	-
	<u>\$ 13,258</u>	<u>\$ 13,258</u>

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

There were no interfund transfers in the current year.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2020 the following changes occurred in long-term obligations for the governmental and business-type activities:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,134,000	\$ -	\$ 140,000	\$ 994,000	\$ 150,000
Capital Leases	438,109	500,000	290,639	647,470	176,273
Unamortized Bond Premiums	17,949	-	2,692	15,257	-
Compensated Absences	275,974	-	67,890	208,084	-
Net Pension Liability	4,060,700	-	957,433	3,103,267	-
	<u>\$ 5,926,732</u>	<u>\$ 500,000</u>	<u>\$ 1,458,654</u>	<u>\$ 4,968,078</u>	<u>\$ 326,273</u>

For governmental activities, the bonds payable are liquidated from the School District's debt service fund. Compensated absences and net pension liability are liquidated by the general fund.

Bonds Payable

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 7. Long-Term Obligations (continued):

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

Fiscal Year Ending				
<u>June 30,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2021	\$ 150,000	\$	30,053	\$ 180,053
2022	155,000		25,287	180,287
2023	160,000		20,365	180,365
2024	170,000		15,103	185,103
2025	180,000		9,303	189,303
2026	179,000		3,133	182,133
	<hr/>			
	\$ 994,000	\$	103,244	\$ 1,097,244
				<hr/> <hr/>

Bonds Authorized But Not Issued:

As of June 30, 2020, the District had no authorized but not issued bonds.

Capital Lease Payable

The school district is leasing various equipment totaling \$1,956,600 with lease terms of 4-7 years at an annual interest of .74%-3.75%. The following is a schedule of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2020 are:

<u>June 30,</u>	
2021	\$ 189,885
2022	189,885
2023	167,731
2024	<hr/> 130,525
Total Minimum Lease Payments	678,026
Less: Amount Representing Interest	<hr/> (30,556)
Present Value of Minimum Lease Payments	<hr/> <hr/> \$ 647,470

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2020, the School District reported a liability of \$3,103,267 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2018, to the measurement date of June 30, 2019. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2019. The School District's proportion measured as of June 30, 2019, was 0.0172226857%, which was a decrease of 0.0034009943% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized full accrual pension expense of \$52,056 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 55,700	\$ 13,709
Changes of Assumptions	309,873	1,077,134
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	48,986
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	198,503	703,011
School District Contributions Subsequent to Measurement Date	183,885	-
	\$ 747,961	\$ 1,842,840

\$183,885 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2021 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)

Note 8. Pension Plans (continued)

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

Year Ending	
<u>Dec 31,</u>	<u>Amount</u>
2020	\$ (255,335)
2021	(425,038)
2022	(297,882)
2023	(256,953)
2024	<u>(43,556)</u>
	<u>\$ (1,278,764)</u>

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following assumptions:

Inflation		
Price		2.75%
Wage		3.25%
Salary Increases:		
Through 2026	2.00 - 6.00%	Based on Years of Service
Thereafter	3.00 - 7.00%	Based on Years of Service
Investment Rate of Return		7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019	
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019 are summarized in the following table:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	<u>12.00%</u>	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the discount rate of 6.28% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 3,947,200</u>	<u>\$ 3,103,267</u>	<u>\$ 2,431,913</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Deferred Outflows of Resources	\$ 3,149,522,616	\$ 4,684,852,302
Deferred Inflows of Resources	7,645,087,574	7,646,736,226
Net Pension Liability	18,143,832,135	19,689,501,539
 School District's portion	 0.00801%	 0.00776%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2019 was \$35,910,882. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.0585144684%, which was an increase of .00252598877% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the School District recognized \$2,118,120 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2019 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)

Note 8. Pension Plans (continued)

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 5.60% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 8. Pension Plans (continued)

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

	1% Decrease <u>(4.60%)</u>	Current Discount Rate <u>(5.60%)</u>	1% Increase <u>(6.60%)</u>
TPAF Employer Number - 3039's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability	<u>42,346,878</u>	<u>35,910,882</u>	<u>30,571,037</u>
	<u>\$ 42,346,878</u>	<u>\$ 35,910,882</u>	<u>\$ 30,571,037</u>

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective Deferred Outflows of Resources	\$ 10,129,162,237	\$ 12,675,037,111
Collective Deferred Inflows of Resources	17,736,240,054	16,381,811,884
Collective Net Pension Liability	61,519,112,443	63,806,350,446
School District's portion	0.05837%	0.05582%

C. Defined Contribution Plan (DCRP)

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

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees.

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

For the year ended June 30, 2020, employee contributions totaled \$2,084 and the District recognized pension expense of \$902.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey’s obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.5%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

Note 9. Other Post-Retirement Benefits (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2019 was \$29,744,469. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2019, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2019, the State proportionate share of the OPEB Obligation attributable to the School District was 0.07128%, which was a decrease of 0.00277% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB expense in the amount of \$203,034 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB 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:

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 9. Other Post-Retirement Benefits (continued)

June 30, 2019

	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
State of New Jersey's Proportionate Share of Total Obligations Associated with the School District	\$ 35,139,972	\$ 29,744,469	\$ 25,458,577
State of New Jersey's Total Non- employer Liability	\$ 49,298,534,898	\$ 41,729,081,045	\$ 35,716,321,820

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 24,508,117	\$ 29,744,469	\$ 36,676,324
State of New Jersey's Total Nonemployer OPEB Liability	\$ 34,382,902,820	\$ 41,729,081,045	\$ 51,453,912,586

* See Healthcare Cost Trend Assumptions for details of rates.

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 9. Other Post-Retirement Benefits (continued):

Additional Information

Collective balances of the Local Group at June 30, 2019 are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Proportion	\$ 1,921,145,183	\$ (1,921,145,183)
Differences between Expected & Actual Experience	-	(10,484,965,300)
Change in Assumptions	-	(8,481,529,343)
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	<u>TBD</u>	<u>-</u>
	<u>\$ 1,921,145,183</u>	<u>\$ (20,887,639,826)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	
2020	(2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	<u>(6,233,858,733)</u>
	<u>(18,966,494,643)</u>

Plan Membership

At June 30, 2018, the Program membership consisted of the following:

	<u>June 30, 2018</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>148,051</u>
	<u>364,943</u>

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 9. Other Post-Retirement Benefits (continued):

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

Total OPEB Liability

Service Cost	\$ 1,734,404,850
Interest Cost	1,827,787,206
Difference Between Expected & Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Contributions: Member	37,971,171
Gross Benefit Payments	<u>(1,280,958,373)</u>
Net Change in Total OPEB Liability	(4,381,751,937)
Total OPEB Liability (Beginning)	<u>46,110,832,982</u>
Total OPEB Liability (Ending)	<u>\$ 41,729,081,045</u>
Total Covered Employee Payroll	\$ 13,929,083,479
Net OPEB Liability as a Percentage of Payroll	300%

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

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2020, the on-behalf payments for normal costs, post-retirement medical costs, and non-contributory insurance were \$1,272,251, \$471,982 and \$1,031, respectively.

Note 11. Risk Management

The School 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.

New Jersey Unemployment Compensation Insurance – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the School 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 School District is billed quarterly for amounts due to the State.

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

SHAMONG TOWNSHIP SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020 (continued)**

Note 11. Risk Management (continued)

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -	\$ 34,477	\$ 5,372	\$ 72,378
2018-2019	-	22,000	18,829	43,273
2017-2018	-	8,000	76,798	40,102

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

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

Property – Blanket Building & Grounds	General & Automobile Liability
Environmental Impairment Liability	Workers’ Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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

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

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Vanguard Group
Lincoln Investment Planning
AXA Equitable

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

Note 14. Compensated Absences

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

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2020, the liability for compensated absences reported on the government-wide Statement of Net Position was \$208,084.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 was \$855,000.

Note 17. Fund Balances

General Fund – Of the \$5,249,868 General Fund balance at June 30, 2020, \$3,279,351 has been restricted for the Capital Reserve Account; \$70,000 has been restricted for the Maintenance Reserve Account; \$96,000 has been restricted for the Emergency Reserve Account; \$855,000 has been restricted for current year excess surplus; \$790,000 is restricted for prior year excess surplus – designated for subsequent year's expenditures, \$220,083 has been assigned for other purposes, and (\$60,566) is unassigned.

SHAMONG TOWNSHIP SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020 (continued)

Note 17. Fund Balances (continued)

Capital Projects Fund – Of the \$322,749 Capital Projects Fund balance at June 30, 2020, \$322,749 is restricted for future capital projects approved by the School District.

Debt Service Fund – Of the \$1 Debt Service Fund balance at June 30, 2020, \$1 is restricted for future debt service payments.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$4,442,747 at June 30, 2020. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2020.

Note 19. Deficit Fund Balances

The School District has a deficit fund balance of \$60,566 in the General Fund as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the fund statements (modified accrual basis) of \$60,566 is less than the last two state aid payments.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 14, 2021, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the below have come to the attention of the School District that would require disclosure.

COVID – 19 – has caused considerable economic damage to the New Jersey economy. As a result, Governor Murphy decreased the originally appropriated school state aid by over \$335 million state wide for the 2020-2021 school year. The Shamong Township School District's state aid was not reduced.

As the COVID-19 pandemic remains a fluid situation, outside of the reduction in state aid, it is not currently known what further economic challenges are ahead for local school districts.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ACCOUNT NUMBERS	JUNE 30, 2020				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 9,560,498	\$ -	\$ 9,560,498	\$ 9,560,498	\$ -
Tuition from Individuals	10-1310	-	-	-	16,751	16,751
Tuition from Other Sources	10-1340	4,000	-	4,000	2,625	(1,375)
Interest Earned on Current Expense Emergency Reserve	10-1XXX	20	-	20	-	(20)
Interest Earned on Maintenance Reserve	10-1XXX	14	-	14	-	(14)
Interest Earned on Capital Reserve Funds	10-1XXX	150	-	150	150	-
Miscellaneous	10-1990	61,184	-	61,184	408,374	347,190
Total Local Sources		9,625,866	-	9,625,866	9,988,398	362,532
State Sources:						
Equalization Aid	10-3176	3,266,834	-	3,266,834	3,266,834	-
Categorical Transportation Aid	10-3121	191,437	-	191,437	191,437	-
Categorical Special Education Aid	10-3132	507,214	-	507,214	507,214	-
Categorical Security Aid	10-3177	65,308	-	65,308	65,308	-
Extraordinary Aid	10-3131	12,195	-	12,195	89,231	77,036
Nonpublic School Transportation Reimbursement	10-3190	3,306	-	3,306	-	(3,306)
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	471,982	471,982
On-Behalf TPAF Pension Contributions		-	-	-	1,272,251	1,272,251
On-Behalf TPAF Long-Term Disability Ins Contributions		-	-	-	1,031	1,031
Reimbursed TPAF Social Security Contributions		-	-	-	450,373	450,373
Total State Sources		4,046,294	-	4,046,294	6,315,661	2,269,367
Total Revenues		13,672,160	-	13,672,160	16,304,059	2,631,899
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	246,529	5,165	251,694	251,694	-
Grades 1 - 5	11-120-100-101	2,007,642	11,583	2,019,225	1,996,174	23,051
Grades 6 - 8	11-130-100-101	1,207,294	(16,578)	1,190,716	1,154,199	36,517
Home Instruction	11-150-100-101	8,000	-	8,000	2,048	5,952
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	576,905	(7,732)	569,173	302,320	266,853
Purchased Technical Services	11-190-100-340	157,236	1,394	158,630	156,092	2,538
Other Purchased Services (400-500 series)	11-190-100-500	68,899	(179)	68,720	68,114	606
General Supplies	11-190-100-610	137,197	11,017	148,214	120,641	27,573
Textbooks	11-190-100-640	51,175	3,588	54,763	54,763	-
Other Objects	11-190-100-800	260	-	260	258	2
Total Regular Programs - Instruction		4,461,137	8,258	4,469,395	4,106,304	363,091
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	1,075,536	1,770	1,077,306	1,053,671	23,635
General Supplies	11-213-100-610	5,200	(630)	4,570	3,300	1,270
Textbooks	11-213-100-640	1,500	2,656	4,156	-	4,156
Total Resource Room		1,082,236	3,796	1,086,032	1,056,971	29,061

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ACCOUNT NUMBERS	JUNE 30, 2020				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Preschool Disabilities - Full-Time: Salaries of Teachers	11-216-100-101	115,728	-	115,728	110,204	5,524
Total Preschool Disabilities - Full-Time		115,728	-	115,728	110,204	5,524
Total Special Education		1,197,964	3,796	1,201,760	1,167,175	34,585
Basic Skills/Remedial: Salaries of Teachers	11-230-100-101	220,533	-	220,533	216,944	3,589
General Supplies	11-230-100-610	1,000	-	1,000	382	618
Total Basic Skills/Remedial		221,533	-	221,533	217,326	4,207
School Sponsored Cocurricular Activities: Salaries	11-401-100-100	65,551	(589)	64,962	48,629	16,333
Supplies & Materials	11-401-100-600	3,290	60	3,350	1,548	1,802
Other Objects	11-401-100-800	1,500	529	2,029	265	1,764
Total School Sponsored Cocurricular Activities		70,341	-	70,341	50,442	19,899
School Sponsored Athletics: Salaries	11-402-100-100	60,588	-	60,588	56,405	4,183
Purchased Services	11-402-100-500	6,000	(18)	5,982	2,882	3,100
Supplies & Materials	11-402-100-600	97	97	194	-	194
Other Objects	11-402-100-800	413	(79)	334	-	334
Total School Sponsored Athletics		67,098	-	67,098	59,287	7,811
Total Other Instructional Programs		137,439	-	137,439	109,729	27,710
Total - Instruction		6,018,073	12,054	6,030,127	5,600,534	429,593
Undistributed Expenditures: Instruction:						
Tuition to CSSD & Regional Day Schools	11-000-100-565	-	818	818	818	-
Tuition to Private School for The Handicap	11-000-100-567	216,356	11,079	227,435	227,435	-
Total Instruction		216,356	11,897	228,253	228,253	-
Attendance and Social Work Services Salaries	11-000-211-100	23,232	(1,267)	21,965	21,965	-
Purchased Professional & Technical Services	11-000-211-300	15,000	-	15,000	10,000	5,000
Total Attendance and Social Work Services		38,232	(1,267)	36,965	31,965	5,000
Health Services: Salaries	11-000-213-100	136,537	2,485	139,022	136,484	2,538
Purchased Professional & Technical Services	11-000-213-300	5,000	-	5,000	5,000	-
Supplies and Materials	11-000-213-600	3,131	(2,100)	1,031	954	77
Other Objects	11-000-213-800	1,020	(385)	635	273	362
Total Health Services		145,688	-	145,688	142,711	2,977

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Related Services:						
Salaries	11-000-216-101	112,014	-	112,014	109,632	2,382
Purchased Professional/Educational Services	11-000-216-320	147,550	(418)	147,132	115,372	31,760
Supplies & Materials	11-000-216-610	400	-	400	244	156
Total Related Services		259,964	(418)	259,546	225,248	34,298
Extra Services:						
Purchased Professional/Educational Services	11-000-217-320	8,750	(584)	8,166	7,760	406
Supplies & Materials	11-000-217-600	3,350	1,860	5,210	4,564	646
Total Extra Services		12,100	1,276	13,376	12,324	1,052
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	167,935	1,178	169,113	169,089	24
Purchased Professional/Educational Services	11-000-218-390	2,000	(1,018)	982	160	822
Supplies & Materials	11-000-218-600	400	-	400	140	260
Total Other Support Services - Students - Regular		170,335	160	170,495	169,389	1,106
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	376,456	(11,770)	364,686	363,701	985
Salaries of Secretarial & Clerical Assistants	11-000-219-105	63,662	-	63,662	63,308	354
Miscellaneous Purchased Services	11-000-219-592	14,078	(3,000)	11,078	5,597	5,481
Supplies and Materials	11-000-219-600	5,550	(1,800)	3,750	1,498	2,252
Other Objects	11-000-219-800	1,000	118	1,118	1,023	95
Total Other Support Services - Students - Special Services		460,746	(16,452)	444,294	435,127	9,167
Improvement of Instruction:						
Salary of Other Professional Staff	11-000-221-104	115,940	2,570	118,510	115,764	2,746
Purchased Services	11-000-221-590	2,500	-	2,500	850	1,650
Supplies and Materials	11-000-221-600	700	(613)	87	87	-
Other Objects	11-000-221-800	1,200	(266)	934	934	
Total Improvement of Instruction		120,340	1,691	122,031	117,635	4,396

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Educational Media Services/School Library:						
Salaries	11-000-222-100	299,082	-	299,082	272,354	26,728
Other Purchased Services	11-000-222-500	3,600	-	3,600	-	3,600
Supplies and Materials	11-000-222-600	6,250	(1,082)	5,168	4,250	918
Total Instructional Staff Training Services		308,932	(1,082)	307,850	276,604	31,246
Instructional Staff Training:						
Purchased Professional/Educational Services						
Services	11-000-223-320	800	(800)	-	-	-
Other Purchased Services (400-500 Series)	11-000-223-500	4,750	(3,228)	1,522	347	1,175
Supplies & Materials	11-000-223-600	250	(250)	-	-	-
Other Objects	11-000-223-800	1,100	-	1,100	1,075	25
Total Instructional Staff Training		6,900	(4,278)	2,622	1,422	1,200
Support Services General Administration:						
Salaries	11-000-230-100	232,861	343	233,204	233,204	-
Legal Services	11-000-230-331	20,000	654	20,654	20,654	-
Audit Services	11-000-230-332	25,058	1,207	26,265	23,007	3,258
Architectural/Engineering Services	11-000-230-334	5,000	9,800	14,800	12,840	1,960
Other Purchased Professional Services	11-000-230-339	9,325	(788)	8,537	8,395	142
Communications/Telephone	11-000-230-530	36,800	(3,206)	33,594	32,494	1,100
BOE Other Purchased Services	11-000-230-585	2,900	-	2,900	2,428	472
Other Purchased Services	11-000-230-590	12,959	1,789	14,748	14,069	679
General Supplies	11-000-230-610	4,100	(523)	3,577	2,423	1,154
Judgements	11-000-230-820	5,000	2,434	7,434	7,434	-
Miscellaneous Expenditures	11-000-230-890	11,790	(2,511)	9,279	6,437	2,842
BOE Membership Dues & Fees	11-000-230-895	7,400	-	7,400	6,833	567
Total Support Services General Administration		373,193	9,199	382,392	370,218	12,174
Support Services School Administration:						
Salaries of Principals & Assistant Principals						
Principals	11-000-240-103	296,414	639	297,053	297,053	-
Salaries of Secretarial & Clerical Assistants						
Assistants	11-000-240-105	172,011	5,865	177,876	177,876	-
Unused Sick Payment to Terminated/Retired Staff	11-000-240-299	7,228	(7,228)	-	-	-
Purchased Professional & Technical Services						
Services	11-000-240-300	6,200	-	6,200	6,200	-
Other Purchased Services	11-000-240-500	5,000	(52)	4,948	292	4,656
Supplies & Materials	11-000-240-600	3,850	(551)	3,299	1,734	1,565
Other Objects	11-000-240-800	3,850	282	4,132	3,689	443
Total Support Services School Administration		494,553	(1,045)	493,508	486,844	6,664
Support Services Central Services:						
Salaries	11-000-251-100	249,509	(14,919)	234,590	227,104	7,486
Purchased Technical Services	11-000-251-340	24,820	2,501	27,321	27,321	-
Other Purchased Professional Services	11-000-251-590	4,700	3,022	7,722	6,749	973
Supplies and Materials	11-000-251-600	3,608	254	3,862	1,798	2,064
Miscellaneous Expenditures	11-000-251-890	7,125	(4,255)	2,870	1,929	941
Total Support Services Central Services		289,762	(13,397)	276,365	264,901	11,464
Administrative Information Technology:						
Salaries	11-000-252-100	10,325	-	10,325	10,325	-
Travel	11-000-252-580	-	299	299	299	-
Total Administrative Information Technology		10,325	299	10,624	10,624	-
Total Central Services & Admin IT		300,087	(13,098)	286,989	275,525	11,464

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	112,567	(1,729)	110,838	101,554	9,284
Cleaning, Repair & Maintenance Services	11-000-261-420	182,025	5,000	187,025	130,856	56,169
General Supplies	11-000-261-610	22,000	1,021	23,021	15,626	7,395
Total Required Maintenance for School Facilities		316,592	4,292	320,884	248,036	72,848
Operation & Maintenance of Plant:						
Required Maintenance for School Facilities:						
Salaries	11-000-262-100	611,753	1,729	613,482	611,636	1,846
Unused Sick Payment to Terminated/Retired Staff	11-000-262-299	1,872	(1,872)	-	-	-
Purchased Professional/Technical Services	11-000-262-300	11,000	(1,469)	9,531	5,663	3,868
Cleaning, Repair & Maintenance Services	11-000-262-420	15,000	(9,621)	5,379	520	4,859
Other Purchased Property Svc.	11-000-262-490	22,154	-	22,154	22,154	-
Insurance	11-000-262-520	28,547	(39)	28,508	28,246	262
Travel	11-000-262-580	-	2,539	2,539	2,539	-
Miscellaneous Purchased Services	11-000-262-590	2,500	(2,500)	-	-	-
General Supplies	11-000-262-610	97,300	21,971	119,271	107,896	11,375
Energy (Natural Gas)	11-000-262-621	100,959	(12,434)	88,525	67,743	20,782
Energy (Electricity)	11-000-262-622	187,552	(3,193)	184,359	163,320	21,039
Other Objects	11-000-262-800	700	1,023	1,723	1,723	-
Total Operation & Maintenance of Plant Services		1,079,337	(3,866)	1,075,471	1,011,440	64,031
Student Transportation Services:						
Salaries - Pupil Transportation Coordinator	11-000-270-162	27,180	-	27,180	22,432	4,748
Purchased Professional & Technical Services	11-000-270-350	5,000	-	5,000	-	5,000
Other Purchased Professional & Technical Services	11-000-270-390	3,800	-	3,800	1,197	2,603
Contracted Services - Aide in Lieu of Payments - NonPublic School	11-000-270-503	6,000	14,000	20,000	13,340	6,660
Contracted Services - (Between Home & School) Vendors	11-000-270-511	511,498	(3,178)	508,320	468,750	39,570
Contracted Services - (Other Than Between Home & School) Vendors	11-000-270-512	15,540	-	15,540	-	15,540
Contracted Services - CTSA's Regular	11-000-270-517	25,000	(11,000)	14,000	-	14,000
Contracted Services - CTSA's Special	11-000-270-518	190,700	-	190,700	172,491	18,209
General Supplies	11-000-270-610	-	178	178	178	-
Total Student Transportation Services		784,718	-	784,718	678,388	106,330
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	142,574	-	142,574	123,767	18,807
PERS - Other Retirement	11-000-291-241	442,169	200,000	642,169	168,121	474,048
Workmen's Compensation	11-000-291-260	55,473	-	55,473	53,353	2,120
Health Benefits	11-000-291-270	2,146,224	(19,291)	2,126,933	1,864,263	262,670
Tuition Reimbursements	11-000-291-280	31,000	2,767	33,767	9,583	24,184
Unused Sick Payment to Term/Ret Staff	11-000-291-299	-	24,322	24,322	24,148	174
Other Employee Benefits	11-000-291-290	261,058	1,497	262,555	243,746	18,809
Total Unallocated Benefits - Employee Benefits		3,078,498	209,295	3,287,793	2,486,981	800,812
Nonbudgeted:						
On-Behalf TPAF Post-Retirement Medical Contributions		-	-	-	471,982	(471,982)
On-Behalf TPAF Pension Contributions		-	-	-	1,272,251	(1,272,251)
On-Behalf TPAF Long-Term Disability Ins Contributions		-	-	-	1,031	(1,031)
Reimbursed TPAF Social Security Contributions		-	-	-	450,373	(450,373)
Total Undistributed Expenditures		8,166,571	196,304	8,362,875	9,393,747	(1,030,872)
Total Expenditures - Current Expense		14,184,644	208,358	14,393,002	14,994,281	(601,279)

**SHAMONG TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ACCOUNT NUMBERS	JUNE 30, 2020			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Capital Outlay:						
Interest Earned on Capital Reserve:	10-604	150	-	150	-	150
Interest Earned on Maintenance Reserve:	10-606	14	-	14	-	14
Interest Earned on Current Expense Emergency Reserve	10-607	20	-	20	-	20
Total Interest in Reserves		184	-	184	-	184
Facilities Acquisition & Construction Services:						
Lease Purchase Agreements - Principal	12-000-400-721	240,360	-	240,360	240,360	-
Assessment for Debt Service on SDA Funding	12-000-400-896	39,138	-	39,138	39,138	-
Total Facilities Acquisition & Construction Services		279,498	-	279,498	279,498	-
Assets Acquired Under Capital Leases (Nonbudgeted):		-	-	-	500,000	(500,000)
Total Assets Acquired Under Capital Leases		-	-	-	500,000	(500,000)
Total Capital Outlay		279,498	-	279,498	779,498	(500,000)
Total Expenditures		14,464,326	208,358	14,672,684	15,773,779	(1,101,095)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(792,166)	(208,358)	(1,000,524)	530,280	1,530,804
Other Financing Sources/(Uses):						
Capital Leases (Nonbudgeted)		-	-	-	500,000	500,000
Total Other Financing Sources/(Uses)		-	-	-	500,000	500,000
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		(792,166)	(208,358)	(1,000,524)	1,030,280	2,030,804
Fund Balances, July 1		4,618,753	-	4,618,753	4,618,753	-
Fund Balances, June 30		\$ 3,826,587	\$ (208,358)	\$ 3,618,229	\$ 5,649,033	\$ 2,030,804
RECAPITULATION OF BUDGET TRANSFERS						
Prior Year Reserve for Encumbrances			208,358			
Total Budget Transfers			\$ 208,358			
RECAPITULATION OF FUND BALANCE						
Restricted Fund Balance:						
Maintenance Reserve					\$ 70,000	
Emergency Reserve					96,000	
Capital Reserve					3,279,351	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures					790,000	
Excess Surplus					855,000	
Assigned:						
Year-End Encumbrances					220,083	
Unassigned Fund Balance					338,599	
Subtotal					5,649,033	
Reconciliation to Governmental Fund Statements (GAAP):						
Last Two State Aid Payments Not Recognized on GAAP Basis					(399,165)	
Fund Balance per Governmental Funds (GAAP)					\$ 5,249,868	

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	JUNE 30, 2020				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES					
Local Sources	\$ -	\$ 25,464	\$ 25,464	\$ 23,607	\$ (1,857)
Federal Sources	205,081	57,078	262,159	262,159	-
Total Revenues	205,081	82,542	287,623	285,766	(1,857)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	44,971	(8,413)	36,558	36,558	-
Purchased Professional Educational Services	-	11,195	11,195	11,195	-
Tuition	141,432	34,223	175,655	175,655	-
General Supplies	8,000	28,391	36,391	34,534	1,857
Total Instruction	194,403	65,396	259,799	257,942	1,857
Support Services:					
Teacher Salaries	10,678	(1,838)	8,840	8,840	-
Personal Services - Employee Benefits	-	3,782	3,782	3,782	-
Purchased Professional Educational Services	-	13,842	13,842	13,842	-
General Supplies	-	1,360	1,360	1,360	-
Total Support Services	10,678	17,146	27,824	27,824	-
Total Expenditures	205,081	82,542	287,623	285,766	1,857
Total Outflows	205,081	82,542	287,623	285,766	1,857
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 16,304,059	\$ 285,766
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	411,252	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(399,165)	-
	<hr/>	<hr/>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 16,316,146</u>	<u>\$ 285,766</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 15,773,779</u>	<u>\$ 285,766</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds (B-2)	<u>\$ 15,773,779</u>	<u>\$ 285,766</u>

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OTHER SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.01722%	0.02062%	0.01968%	0.01950%	0.02094%	0.01924%	0.01906%
District's proportionate share of the net pension liability (asset)	\$ 3,103,267	\$ 4,060,700	\$ 4,581,084	\$ 5,775,200	\$ 4,700,040	\$ 3,601,987	\$ 3,643,602
District's covered-employee payroll	1,237,296	1,220,605	1,216,001	1,340,753	1,318,264	1,330,845	1,374,641
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.81%	332.68%	376.73%	430.74%	356.53%	270.65%	265.06%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 167,526	\$ 205,139	\$ 182,310	\$ 173,231	\$ 180,006	\$ 158,600	\$ 143,647
Contributions in relation to the contractually required contribution	(167,526)	(205,139)	(182,310)	(173,231)	(180,006)	(158,600)	(143,647)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	1,220,605	1,216,001	1,340,753	1,318,264	1,330,845	1,374,641	1,327,546
Contributions as a percentage of covered-employee payroll	13.72%	16.87%	13.60%	13.14%	13.53%	11.54%	10.82%

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

SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE DISTRICT'S TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0%	0%	0%	0%	0%	0%	0%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 35,910,882	\$ 35,618,668	\$ 37,280,072	\$ 44,813,287	\$ 36,469,762	\$ 30,629,904	\$ 29,378,568
District's covered-employee payroll	6,382,108	6,288,341	6,096,496	5,992,483	5,758,698	5,713,243	5,683,551
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	29.32%	26.94%	25.41%	22.33%	28.71%	33.64%	33.76%

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST THREE FISCAL YEARS*

	2020	2019	2018
District's Total OPEB Liability			
Service Cost	\$ 963,338	\$ 1,079,791	\$ 1,303,731
Interest Cost	1,341,692	1,454,123	1,264,067
Difference Between Expected and Actual Differences	(6,262,558)	(3,564,718)	-
Changes of Assumptions	443,492	(3,918,253)	(5,193,222)
Contributions: Member	27,066	31,555	34,094
Gross Benefit Payments	(913,067)	(913,012)	(925,906)
Net Change in District's Total OPEB Liability	(4,400,037)	(5,830,514)	(3,517,236)
District's Total OPEB Liability (Beginning)	34,144,506	39,975,020	43,492,256
District's Total OPEB Liability (Ending)	<u>\$ 29,744,469</u>	<u>\$ 34,144,506</u>	<u>\$ 39,975,020</u>
District's Covered Employee Payroll	\$ 7,619,404	\$ 7,508,946	\$ 7,312,497
District's Net OPEB Liability as a Percentage of Payroll	390%	455%	547%

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.86% as of June 30, 2018, to 5.60% as of June 30, 2019.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018, to 6.28% as of June 30, 2019.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.86% as of June 30, 2018, to 3.50% as of June 30, 2019.

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	NO CHILD LEFT BEHIND		I.D.E.A. PART B		SHAMONG TOWNSHIP FOUNDATION FOR EDUCATION EXCELLENCE	2020
	TITLE I	TITLE II PART A	REGULAR	PRESCHOOL		
Revenues:						
Federal Sources	\$ 62,859	\$ 12,450	\$ 175,655	\$ 11,195	\$ -	\$ 262,159
Local Sources	-	-	-	-	23,607	23,607
Total Revenues	\$ 62,859	\$ 12,450	\$ 175,655	\$ 11,195	\$ 23,607	\$ 285,766
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 36,408	\$ -	\$ -	\$ -	\$ 150	\$ 36,558
Purchased Professional - Educational Services	-	-	-	11,195	-	11,195
Tuition	-	-	175,655	-	-	175,655
General Supplies	11,077	-	-	-	23,457	34,534
Total Instruction	47,485	-	175,655	11,195	23,607	257,942
Support Services:						
Salaries	-	8,840	-	-	-	8,840
Personal Services - Employee Benefits	3,122	660	-	-	-	3,782
Purchased Professional - Educational Services	11,143	2,699	-	-	-	13,842
General Supplies	1,109	251	-	-	-	1,360
Total Support Services	15,374	12,450	-	-	-	27,824
Total Expenditures	\$ 62,859	\$ 12,450	\$ 175,655	\$ 11,195	\$ 23,607	\$ 285,766

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F. Capital Projects Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2020**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE PRIOR YEARS	EXPENDITURES TO DATE CURRENT YEAR	CANCELLATION OF GRANT RECEIVABLE	TRANSFER TO DEBT SERVICE FUND	UNEXPENDED BALANCE JUNE 30, 2020
Replacement of Exterior Doors at Indian Mills Memorial School	3/31/2014	\$ 131,000	\$ 111,323	\$ -	\$ 7,871	\$ -	\$ 11,806
Security Upgrades at Indian Mills Memorial School	3/31/2014	227,500	222,970	-	1,813	-	2,717
Air Conditioning Upgrades at Indian Mills Elementary School	3/31/2014	1,192,000	677,448	-	214,629	-	299,923
Security Upgrades at Indian Mills Elementary School	3/31/2014	261,500	256,945	-	1,823	-	2,732
Window Replacement at Indian Mills Elementary School	3/31/2014	169,000	158,984	-	4,445	-	5,571
Total		\$ 1,981,000	\$ 1,427,670	\$ -	\$ 230,581	\$ -	\$ 322,749

Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2020

Unexpended Project Balances June 30, 2020	\$ 322,749
Less:	-
SDA Grant Revenue not Recognized on GAAP Basis	-
Total Fund Balance (GAAP Basis) - June 30, 2020	<u>\$ 322,749</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

REVENUES:	
Miscellaneous	\$ <u>7,817</u>
Total Revenues	<u>7,817</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>7,817</u>
Other Financing Sources/ (Uses):	
Transfer to General Fund	<u>(7,817)</u>
Total Other Financing Sources/ (Uses)	<u>(7,817)</u>
Net Change in Fund Balance	-
Fund Balance - Beginning	<u>322,749</u>
Fund Balance - Ending	<u><u>\$ 322,749</u></u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
INDIAN MILLS MEMORIAL SCHOOL
REPLACEMENT OF EXTERIOR DOORS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 44,529	\$ -	\$ 44,529	\$ 52,400
Bond Proceeds & Transfers	78,600	-	78,600	78,600
Total Revenues	123,129	-	123,129	131,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	13,508	-	13,508	15,500
Construction Services	97,815	-	97,815	115,500
Total Expenditures	111,323	-	111,323	131,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 11,806	\$ -	\$ 11,806	\$ -

Additional Project Information:

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
INDIAN MILLS MEMORIAL SCHOOL
SECURITY UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 89,187	\$ -	\$ 89,187	\$ 91,000
Bond Proceeds & Transfers	136,500	-	136,500	136,500
Total Revenues	225,687	-	225,687	227,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	19,131	-	19,131	20,150
Construction Services	203,839	-	203,839	207,350
Total Expenditures	222,970	-	222,970	227,500
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 2,717	\$ -	\$ 2,717	\$ -

Additional Project Information:

Project Number	4740-055-14-1012
Grant Date	N/A
Bond Authorization Date	2/11/15
Bonds Authorization	
Bonds Issued	N/A
Original Authorized Cost	\$ 227,500
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 227,500
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	98.01%
Original Target Completion Date	9/2016
Revised Target Completion Date	Complete

**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
INDIAN MILLS SCHOOL
CLASSROOM AIR CONDITIONING
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 262,171	\$ -	\$ 262,171	\$ 476,800
Bond Proceeds & Transfers	715,200	-	715,200	715,200
Total Revenues	977,371	-	977,371	1,192,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	82,642	-	82,642	103,000
Construction Services	589,235	-	589,235	1,089,000
Total Expenditures	671,877	-	671,877	1,192,000
Transfer to Debt Service Fund	-		-	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 305,494	\$ -	\$ 305,494	\$ -

Additional Project Information:

Project Number	4740-050-14-1005
Grant Date	N/A
Bond Authorization Date	2/11/15
Bonds Authorization	
Bonds Issued	N/A
Original Authorized Cost	\$ 1,192,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,192,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	56.37%
Original Target Completion Date	6/2017
Revised Target Completion Date	Complete

**SHAMONG TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS--BUDGETARY BASIS
INDIAN MILLS SCHOOL
SECURITY UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 102,777	\$ -	\$ 102,777	\$ 104,600
Bond Proceeds & Transfers	156,900	-	156,900	156,900
Total Revenues	259,677	-	259,677	261,500
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	21,301	-	21,301	27,310
Construction Services	235,644	-	235,644	234,190
Total Expenditures	256,945	-	256,945	261,500
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 2,732	\$ -	\$ 2,732	\$ -
Additional Project Information:				
Project Number				4740-050-14-1003
Grant Date				N/A
Bond Authorization Date				2/11/15
Bonds Authorization				
Bonds Issued				N/A
Original Authorized Cost				\$ 261,500
Additional Authorized Cost				\$ -
Revised Authorized Cost				\$ 261,500
Percentage Increase Over Original Authorized Cost				0.00%
Percentage Completion				98.26%
Original Target Completion Date				9/2016
Revised Target Completion Date				Complete

G. Proprietary Funds

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Enterprise Funds

Not Applicable

See B-4 Through B-6

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

ASSETS	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE	AGENCY FUNDS		TOTAL
		STUDENT ACTIVITY	PAYROLL	
Assets:				
Cash & Cash Equivalents	\$ 72,378	\$ 44,347	\$ 26,368	\$ 143,093
Total Assets	<u>72,378</u>	<u>44,347</u>	<u>26,368</u>	<u>143,093</u>
LIABILITIES				
Liabilities:				
Payroll Deductions & Withholdings	-	-	20,625	20,625
Due to Employees	-	-	5,743	5,743
Due to Student Groups	-	44,347	-	44,347
Total Liabilities	<u>-</u>	<u>44,347</u>	<u>26,368</u>	<u>70,715</u>
NET POSITION				
Restricted for Unemployment	<u>72,378</u>	-	-	<u>72,378</u>
Total Net Position	<u>\$ 72,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,378</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2020**

	PRIVATE PURPOSE UNEMPLOYMENT COMPENSATION INSURANCE
Additions:	
Local Sources:	
Employee Contributions	\$ 29,401
Total Operating Revenues	29,401
Total Additions	29,401
Deductions:	
Unemployment Compensation Insurance Claims	296
Change in Net Position	29,105
Net Position, July 1	43,273
Net Position, June 30	\$ 72,378

**SHAMONG TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	BALANCE JULY 1, 2019	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2020
Student Activities	\$ 54,036	\$ 51,890	\$ 61,579	\$ 44,347
Total Student Activity	<u>\$ 54,036</u>	<u>\$ 51,890</u>	<u>\$ 61,579</u>	<u>\$ 44,347</u>

**SCHEDULE OF PAYROLL AGENCY RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ASSETS	BALANCE JULY 1, 2019	ADDITIONS	DISBURSEMENTS	BALANCE JUNE 30, 2020
Cash & Cash Equivalents	\$ 26,326	\$ 8,904,340	\$ 8,904,298	\$ 26,368
Total Assets	<u>\$ 26,326</u>	<u>\$ 8,904,340</u>	<u>\$ 8,904,298</u>	<u>\$ 26,368</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 523	\$ 4,142,775	\$ 4,122,673	\$ 20,625
Due to Employees	3,803	34,734	32,794	5,743
Due to Unemployment Fund	22,000	-	22,000	-
Net Payroll	-	4,726,831	4,726,831	-
Total Liabilities	<u>\$ 26,326</u>	<u>\$ 8,904,340</u>	<u>\$ 8,904,298</u>	<u>\$ 26,368</u>

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I. Long-Term Debt

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2019	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2020
School Bond Issue	8/26/2010	\$ 1,999,000	2/15/2021	150,000	3.125%	\$ 1,134,000	\$ -	\$ 140,000	\$ 994,000
			2/15/2022	155,000	3.125%				
			2/15/2023	160,000	3.125%				
			2/15/2024	170,000	3.250%				
			2/15/2025	180,000	3.375%				
			2/15/2026	179,000	3.500%				
Total						\$ 1,134,000	\$ -	\$ 140,000	\$ 994,000

**SHAMONG TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR FISCAL YEAR ENDED JUNE 30, 2020**

DATE OF LEASE	SERIES	INTEREST RATE PAYABLE	BALANCE OUTSTANDING JULY 1, 2019	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	BALANCE OUTSTANDING JUNE 30, 2020
2/11/2015	Building Upgrades	0.74%	\$ 237,720	\$ -	\$ 237,720	\$ -
11/29/2017	Equipment	6.00%	63,377	-	20,551	42,826
12/1/2018	Tech Refresh	3.75%	137,012	-	32,368	104,644
2/25/2020	Equipment	1.97%	-	500,000	-	500,000
			<u>\$ 438,109</u>	<u>\$ 500,000</u>	<u>\$ 290,639</u>	<u>\$ 647,470</u>

**SHAMONG TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2020**

	JUNE 30, 2020				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 143,108	\$ -	\$ 143,108	\$ 143,108	\$ -
State Sources:					
Debt Service Aid Type II	33,663	-	33,663	33,663	-
Total Revenues	<u>176,771</u>	<u>-</u>	<u>176,771</u>	<u>176,771</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Redemption of Principal	140,000	-	140,000	140,000	-
Interest	36,772	-	36,772	36,771	1
Total Regular Debt Service	<u>176,772</u>	<u>-</u>	<u>176,772</u>	<u>176,771</u>	<u>1</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
Other Financing Sources/(Uses):					
Operating Transfers In - General Fund	-	-	-	-	-
Operating Transfers In - Capital Projects Fund	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, July 1,	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Net Investment in Capital Assets	\$ 9,152,038	\$ 9,446,849	\$ 9,771,022	\$ 8,823,283	\$ 8,326,384	\$ 7,007,394	\$ 7,652,155	\$ 7,786,237	\$ 7,428,613	\$ 7,410,688
Restricted	5,408,461	4,449,235	2,904,982	1,750,190	3,334,897	3,605,761	2,073,603	1,939,464	1,580,710	999,371
Unrestricted	(4,438,107)	(4,706,250)	(3,848,515)	(3,704,287)	(4,249,723)	(4,197,462)	(471,129)	(648,924)	(648,244)	(603,943)
Total Governmental Activities	\$ 10,122,392	\$ 9,189,834	\$ 8,827,489	\$ 6,869,186	\$ 7,411,558	\$ 6,415,693	\$ 9,254,629	\$ 9,076,777	\$ 8,361,079	\$ 7,806,116
Business-Type Activities:										
Net Investment in Capital Assets	\$ 5,307	\$ 9,420	\$ 14,346	\$ 19,166	\$ 23,987	\$ 28,807	\$ 33,627	\$ 38,447	\$ 34,670	\$ 38,631
Unrestricted	1,039	33,313	36,336	30,079	16,785	15,602	19,646	27,729	31,310	35,363
Total Business-Type Activities	\$ 6,346	\$ 42,733	\$ 50,682	\$ 49,245	\$ 40,772	\$ 44,409	\$ 53,273	\$ 66,176	\$ 65,980	\$ 73,994
Government-Wide:										
Net Investment in Capital Assets	\$ 9,157,345	\$ 9,456,269	\$ 9,785,368	\$ 8,842,449	\$ 8,350,371	\$ 7,036,201	\$ 7,685,782	\$ 7,824,684	\$ 7,463,283	\$ 7,449,319
Restricted	5,408,461	4,449,235	2,904,982	1,750,190	3,334,897	3,605,761	2,073,603	1,939,464	1,580,710	999,371
Unrestricted	(4,437,068)	(4,672,937)	(3,812,179)	(3,674,208)	(4,232,938)	(4,181,860)	(451,483)	(621,195)	(616,934)	(568,580)
Total Net Position	\$ 10,128,738	\$ 9,232,567	\$ 8,878,171	\$ 6,918,431	\$ 7,452,330	\$ 6,460,102	\$ 9,307,902	\$ 9,142,953	\$ 8,427,059	\$ 7,880,110

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Governmental Activities										
Instruction:										
Instruction - Regular Programs	\$ 4,106,304	\$ 4,195,061	\$ 4,200,655	\$ 3,906,222	\$ 3,788,879	\$ 3,836,141	\$ 3,795,156	\$ 3,848,363	\$ 3,921,874	\$ 3,764,211
Special Education	1,425,117	1,442,181	1,306,623	1,615,844	1,610,721	1,547,810	1,757,555	1,680,653	1,472,381	1,311,508
Other Special Instruction	217,326	215,267	229,574	244,414	301,921	273,493	253,207	246,391	170,328	165,951
Other Instruction	109,729	109,241	108,765	104,858	104,464	98,335	97,047	82,064	88,181	89,890
Support Services:										
Tuition	228,253	129,315	104,032	96,554	154,465	163,634	144,404	70,132	15,034	24,476
Health Services	142,711	139,301	133,875	127,016	118,586	111,970	109,412	149,524		
Student & Instruction Related Services	1,017,152	1,021,608	949,408	972,816	912,981	839,431	859,396	850,276	1,109,260	1,115,754
Educational Media Services/School Library	276,604	295,504	288,542	238,756	240,487	222,307	228,681	222,675	-	-
General Administrative Services	370,218	380,759	369,453	371,840	371,097	352,888	361,677	298,499	538,075	599,817
School Administrative Services	486,844	472,684	467,185	459,899	480,375	467,195	450,404	446,278	530,672	598,470
Central Services	275,525	311,049	303,801	315,949	312,124	254,747	266,470	262,019	-	-
Plant Operations & Maintenance	1,183,197	1,263,238	1,332,184	1,190,428	1,124,396	1,203,015	1,081,702	1,047,690	1,021,161	1,088,629
Pupil Transportation	678,388	730,057	651,802	652,106	640,139	666,192	665,588	618,931	633,392	576,014
Employee Benefits	5,079,959	6,102,124	9,388,457	4,540,855	5,833,761	5,030,672	3,511,762	3,602,862	3,563,624	3,338,266
Interest on Long-Term Debt	71,577	75,756	66,627	121,523	133,714	216,347	139,283	185,001	278,974	277,282
Unallocated Amortization	-	-	-	-	-	-	-	(14,397)	(2,692)	39,488
Increase/(Decrease) In Compensated Absences	-	-	-	-	-	-	-	(103,305)	3,641	(31,793)
Increase/(Decrease) In Post Retirement Benefits	-	-	-	-	-	-	-	(3,180)	-	-
Unallocated Loss on Revaluation of Assets	-	-	-	8,800	56,479	(418,512)	-	-	-	-
Rental of Land & Building	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	754,142	762,196	750,598	733,734	730,202	728,669	752,513	737,501	763,364	649,482
Total Governmental Activities Expenses	16,423,046	17,645,341	20,651,581	15,701,614	16,914,791	15,594,334	14,474,257	14,227,977	14,107,269	13,607,445
Business-Type Activities:										
Food Service	199,214	232,534	238,596	246,000	258,791	253,617	266,758	263,303	258,821	254,831
Total Business-Type Activities Expense	199,214	232,534	238,596	246,000	258,791	253,617	266,758	263,303	258,821	254,831
Total District Expenses	\$ 16,622,260	\$ 17,877,875	\$ 20,890,177	\$ 15,947,614	\$ 17,173,582	\$ 15,847,951	\$ 14,741,015	\$ 14,491,280	\$ 14,366,090	\$ 13,862,276

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30.										
Revenues:										
Operating Grants & Contributions	\$ 3,091,987	\$ 3,979,079	\$ 5,322,427	\$ 1,851,784	\$ 3,503,214	\$ 2,829,252	\$ 325,896	\$ 289,841	\$ 284,527	\$ 307,826
Total Governmental Activities Program Revenues	3,091,987	3,979,079	5,322,427	1,851,784	3,503,214	2,829,252	325,896	289,841	284,527	307,826
Business-Type Activities:										
Charges for Services:										
Food Service	112,613	163,934	171,560	178,458	181,502	176,447	180,159	201,662	178,804	194,310
Operating Grants:										
Food Service	49,155	59,053	66,397	67,249	64,568	63,144	67,093	57,554	64,404	57,368
Total Business Type Activities Program Revenues	161,768	222,987	237,957	245,707	246,070	239,591	247,252	259,216	243,208	251,678
Total District Program Revenues	\$ 3,253,755	\$ 4,202,066	\$ 5,560,384	\$ 2,097,491	\$ 3,749,284	\$ 3,068,843	\$ 573,148	\$ 549,057	\$ 527,735	\$ 559,504
Net/(Expense)/Revenue:										
Governmental Activities	\$ (13,331,059)	\$ (13,666,262)	\$ (15,329,154)	\$ (13,849,830)	\$ (13,411,577)	\$ (12,765,082)	\$ (14,148,361)	\$ (13,938,136)	\$ (13,822,742)	\$ (13,299,619)
Business-Type Activities	(37,446)	(9,547)	(639)	(293)	(12,721)	(14,026)	(19,506)	(4,087)	(15,613)	(3,153)
Total District-Wide Net Expense	\$ (13,368,505)	\$ (13,675,809)	\$ (15,329,793)	\$ (13,850,123)	\$ (13,424,298)	\$ (12,779,108)	\$ (14,167,867)	\$ (13,942,223)	\$ (13,838,355)	\$ (13,302,772)

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
FISCAL YEAR ENDING JUNE 30										
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes, Net	\$ 9,703,606	\$ 9,511,338	\$ 10,018,910	\$ 9,541,312	\$ 9,285,085	\$ 9,068,136	\$ 8,902,667	\$ 8,976,550	\$ 8,926,550	\$ 8,765,917
Federal & State Aid Unrestricted	4,132,111	4,252,553	6,125,758	4,353,408	4,725,906	4,351,479	5,336,195	5,512,211	5,180,485	4,711,979
Tuition Received	19,376	39,272	64,198	68,244	15,100	-	-	-	54,019	4,965
Miscellaneous Income	408,524	226,453	208,591	210,094	364,097	82,416	158,903	215,073	216,651	181,782
Transfers	-	-	-	-	-	-	-	-	-	(3,000)
Cancellation of Grant Receivable	-	(1,009)	-	-	-	-	-	-	-	-
Unallocated Amortization	-	-	-	-	-	36,097	-	-	-	-
Decrease In Compensated Absences	-	-	-	-	16,354	27,220	-	-	-	-
Decrease In Post Retirement Benefits	-	-	-	4,400	900	4,400	-	-	-	-
Total Governmental Activities	14,263,617	14,028,607	16,417,457	14,177,458	14,407,442	13,569,748	14,397,765	14,653,834	14,377,705	13,661,643
Business-type Activities	1,059	1,598	2,076	8,766	9,084	5,162	6,603	4,283	7,599	4,757
Total District-Wide	\$ 14,264,676	\$ 14,030,205	\$ 16,419,533	\$ 14,186,224	\$ 14,416,526	\$ 13,574,910	\$ 14,404,368	\$ 14,658,117	\$ 14,385,304	\$ 13,666,400
Change in Net Position:										
Governmental Activities	932,558	362,345	1,088,303	327,628	995,865	804,666	249,404	715,698	554,963	362,024
Business-Type Activities	(36,387)	(7,949)	1,437	8,473	(3,637)	(8,864)	(12,903)	196	(8,014)	1,604
Total District	\$ 896,171	\$ 354,396	\$ 1,089,740	\$ 336,101	\$ 992,228	\$ 795,802	\$ 236,501	\$ 715,894	\$ 546,949	\$ 363,628

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

	FISCAL YEAR ENDING JUNE 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Restricted	\$ 5,305,794	\$ 4,337,009	\$ 3,494,684	\$ 3,133,467	\$ 2,788,122	\$ 2,735,227	\$ 2,073,603	\$ 1,939,464	\$ 1,580,710	\$ 1,059,235
Unassigned	(55,926)	(129,508)	-	-	(112,767)	(452,651)	(119,941)	(142,103)	(81,712)	(93,338)
Total General Fund	\$ 5,249,868	\$ 4,207,501	\$ 3,494,684	\$ 3,133,467	\$ 2,675,355	\$ 2,282,577	\$ 1,953,662	\$ 1,797,361	\$ 1,498,998	\$ 965,897
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, Reported in:										
Capital Project Fund	322,749	322,749	323,758	333,361	571,424	1,241,528	280,037	307,470	321,603	652,740
Debt Service Fund	1	1	1	3	3	3	2	23,884	14	19
Total All Other Governmental Funds	\$ 322,750	\$ 322,750	\$ 323,759	\$ 333,364	\$ 571,427	\$ 1,241,531	\$ 280,039	\$ 331,354	\$ 321,617	\$ 652,759

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Tax Levy	\$ 9,703,606	\$ 9,511,338	\$ 10,018,910	\$ 9,541,312	\$ 9,285,085	\$ 9,068,136	\$ 8,902,667	\$ 8,926,550	\$ 8,926,550	\$ 8,765,917
Tuition	19,376	39,272	64,198	68,244	15,100	-	-	-	54,019	4,965
Miscellaneous	432,131	260,987	208,591	210,094	364,097	172,548	158,903	215,073	216,651	181,872
State Sources	6,361,411	6,440,269	6,152,895	5,956,062	6,193,568	5,573,971	5,410,657	5,525,730	5,081,622	4,729,187
Federal Sources	262,159	267,494	268,878	249,130	264,839	245,965	251,434	276,322	383,390	290,618
Total Revenue	16,778,683	16,519,360	16,713,472	16,024,842	16,122,689	15,060,620	14,723,661	14,943,675	14,662,232	13,972,469
Expenditures:										
Instruction:										
Regular	4,106,304	4,195,061	4,200,655	3,906,222	3,788,879	3,836,141	3,795,156	3,913,154	3,921,874	3,764,211
Special Education	1,425,117	1,442,181	1,306,623	1,615,844	1,610,721	1,547,810	1,757,555	1,680,653	1,472,381	1,311,508
Other Special Instruction	217,326	215,267	229,574	244,414	301,921	273,493	253,207	246,391	170,328	165,951
Other Instruction	109,729	109,241	108,765	104,858	104,464	98,335	97,047	82,064	88,181	89,890
Support Services:										
Tuition	228,253	129,315	104,032	96,554	154,465	163,634	144,404	70,132	15,034	24,476
Attendance and Social Work Services	31,965	31,459	32,500	30,000	-	-	-	-	-	-
Health Services	142,711	139,301	133,875	127,016	118,586	111,970	109,412	149,524	-	-
Student & Instruction Related Services	985,187	990,149	916,908	942,816	912,981	839,431	859,396	850,276	1,140,588	1,145,964
Educational Media Services/School Library	276,604	295,504	288,542	238,756	240,487	222,307	228,681	222,675	-	-
General Administrative Services	370,218	380,759	369,453	371,840	371,097	352,888	361,677	298,499	538,075	599,817
School Administrative Services	486,844	472,684	467,185	459,899	480,375	467,195	450,404	446,278	530,672	598,470
Central Services	275,525	311,049	303,801	315,949	312,124	254,747	266,470	262,019	-	-
Plant Operations & Maintenance	1,259,476	1,302,272	1,295,800	1,190,428	1,124,396	1,203,015	1,081,702	1,076,435	1,021,161	1,063,639
Pupil Transportation	678,388	730,057	651,802	661,376	682,225	666,192	665,588	618,931	633,392	576,014
Employee Benefits	4,686,400	4,585,975	4,171,769	4,151,645	3,872,384	3,662,778	3,511,762	3,602,862	3,563,624	3,338,266
Capital Outlay	779,498	573,435	919,193	486,398	1,468,095	206,148	54,738	128,341	353,523	1,705,397
Debt Service:										
Principal	140,000	130,000	790,000	760,000	740,000	847,346	815,000	785,000	745,000	625,000
Interest & Other Charges	36,771	40,834	71,383	100,778	116,815	139,825	166,476	202,341	266,440	202,757
Total Expenditures	16,236,316	16,074,543	16,361,860	15,804,793	16,400,015	14,893,255	14,618,675	14,635,575	14,460,273	15,211,360
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	542,367	444,817	351,612	220,049	(277,326)	167,365	104,986	308,100	201,959	(1,238,891)
Other Financing Sources/(Uses):										
Lease-Purchase Agreement Proceeds	500,000	268,000	-	-	-	1,188,600	-	-	-	-
Cancellation of Grant Receivable	-	-	-	-	-	(65,538)	-	-	-	-
Operating Transfers In -	7,817	2,895	-	270,000	131,671	35,716	-	-	-	-
Operating Transfers (Out) -	(7,817)	(2,895)	-	(270,000)	(131,671)	(35,716)	-	-	-	-
Miscellaneous/Other	-	(1,009)	-	-	-	-	-	-	-	1,996,000
Total Other Financing Sources/(Uses)	500,000	266,991	-	-	-	1,123,042	-	-	-	1,996,000
Net Change in Fund Balances	\$ 1,042,367	\$ 711,808	\$ 351,612	\$ 220,049	\$ (277,326)	\$ 1,290,407	\$ 104,986	\$ 308,100	\$ 201,959	\$ 757,109
Debt Service as a Percentage of Noncapital Expenditures	1.2%	1.1%	5.9%	6.0%	6.1%	7.2%	7.2%	7.3%	7.7%	6.5%

Source: District Records

Revenue Capacity Information

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

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

	FISCAL YEAR ENDED JUNE 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Interest on Investments	\$ 10,704	\$ 66,140	\$ 12,916	\$ 7,307	\$ 5,859	\$ 4,775	\$ 10,963	\$ 16,130	\$ 28,584	\$ 27,970
Sports/Club Fees	19,325	21,363	25,972	26,315	27,403	9,315	26,995	24,295	20,300	16,500
Prior Year Refunds	27,412	66,488	120,606	36,550	63,200	7,881	12,460	-	1,113	5,648
Miscellaneous	343,266	69,567	31,734	105,256	193,329	126,003	34,023	144,585	116,621	155,444
	<u>\$ 400,707</u>	<u>\$ 223,558</u>	<u>\$ 191,228</u>	<u>\$ 289,791</u>	<u>\$ 147,974</u>	<u>\$ 84,441</u>	<u>\$ 185,010</u>	<u>\$ 166,618</u>	<u>\$ 205,562</u>	<u>\$ 139,055</u>

Source: District records

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

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	MEMO: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2020	\$ 6,201,100	\$ 598,749,500	\$ 33,696,500	\$ 2,093,700	\$ 18,966,300	\$ 3,053,000	\$ 662,760,100	\$ 49,287,400	\$ 1,073,939	\$ 663,834,039	\$ 1.491	\$ 718,222,197
2019	6,308,200	598,393,700	33,433,510	2,140,400	18,966,300	2,521,200	661,763,310	48,131,000	1,069,744	662,833,054	1.462	710,138,222
2018	7,013,000	598,786,200	33,293,300	2,115,400	18,966,300	2,521,200	662,695,400	47,686,300	1,069,744	663,765,144	1.433	700,523,213
2017	7,466,300	598,283,300	33,154,500	2,151,500	18,961,600	2,735,800	662,753,000	47,335,800	1,080,016	663,833,016	1.509	701,863,257
2016	7,558,500	599,040,700	32,026,800	2,136,200	18,864,300	2,710,800	662,337,300	47,627,100	1,083,716	663,421,016	2.206	696,232,016
2015	7,551,600	598,357,100	32,898,700	2,138,600	18,917,900	2,710,800	662,574,700	47,293,700	1,148,531	663,723,231	2.145	710,315,501
2014	7,821,700	599,098,500	32,094,300	2,137,900	18,736,100	2,710,800	662,599,300	46,761,500	1,139,919	663,739,219	2.040	696,982,229
2013	7,745,600	600,380,300	32,103,400	2,154,100	19,207,200	2,710,800	664,301,400	46,075,700	1,501,069	665,802,469	1.969	711,796,211
2012	8,155,600	601,804,000	31,048,100	2,100,500	17,930,700	2,710,800	663,749,700	45,505,300	1,774,833	665,524,533	1.973	711,029,837
2011	4,482,050	380,022,100	14,527,300	2,406,450	7,928,500	1,370,200	410,736,600	38,655,600	995,145	411,731,745	3.204	797,386,289

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

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

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

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

FISCAL YEAR ENDED DECEMBER 31,	SCHOOL DISTRICT DIRECT RATE		TOWNSHIP MUNICIPAL				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE	
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	OF SHAMONG		MUNICIPAL		BURLINGTON COUNTY	LIBRARY	COUNTY LIBRARY		COUNTY OPEN SPACE
				0.095	0.020	0.372	0.034					
2020	1.491	0.772	2.263	0.095	0.020	0.372	0.034	0.022	2.806			
2019	1.462	0.780	2.242	0.095	0.033	0.361	0.034	0.033	2.798			
2018	1.433	0.770	2.203	0.095	0.020	0.363	0.032	0.026	2.739			
2017	1.509	0.779	2.288	0.094	0.020	0.355	0.033	0.043	2.833			
2016	1.438	0.768	2.206	0.084	0.020	0.353	0.033	0.042	2.738			
2015	1.398	0.747	2.145	0.084	0.020	0.366	0.035	0.043	2.693			
2014	1.367	0.673	2.040	0.068	0.000	0.352	0.033	0.016	2.509			
2013	1.337	0.632	1.969	0.039	0.000	0.354	0.033	0.019	2.414			
2012	1.341	0.632	1.973	0.045	0.000	0.344	0.034	0.045	2.441			
2011	2.169	1.035	3.204	0.059	0.000	0.571	0.055	0.074	3.963			

Source: Burlington County Board of Taxation

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

TAXPAYER	2020		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	
Taxpayer #1	\$2,733,400	1	0.412%
Fawn Lake LLC	2,517,400	2	0.379%
Third Garden Park LTD	2,400,000	3	0.362%
Taxpayer #2	1,415,600	4	0.213%
Taxpayer #3	1,075,100	5	0.162%
Verizon New Jersey	1,073,939	6	0.162%
Federal National Mortgage Assoc.	1,039,000	7	0.157%
US Bank	1,036,200	8	0.156%
Taxpayer #4	951,700	9	0.143%
Samrajya Farms, LLC	920,200	10	0.139%
Total	<u>\$15,162,539</u>		<u>2.284%</u>

TAXPAYER	2011		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	
Taxpayer #1	\$2,750,900	1	0.413%
Fawn Lake LLC	1,917,400	2	0.288%
Third Garden Park LTD	1,872,700	3	0.281%
Verizon-New Jersey	1,774,837	4	0.267%
Taxpayer #5	1,415,600	5	0.213%
Taxpayer #6	1,344,900	6	0.202%
Wharton Acres LLC	1,229,600	7	0.185%
Taxpayer #8	1,070,100	8	0.161%
Taxpayer #9	985,300	9	0.148%
Road Apples, LLC	951,900	10	0.143%
Total	<u>\$15,313,237</u>		<u>2.30%</u>

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED DECEMBER 31,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY AMOUNT	PERCENTAGE OF LEVY	COLLECTIONS IN SUBSEQUENT YEARS
2019	\$ 18,503,193	\$ 18,138,536	98.03%	100%
2018	18,224,651	18,020,781	98.88%	100%
2017	19,000,069	18,610,024	97.95%	100%
2016	18,190,594	17,933,281	98.59%	100%
2015	17,766,718	17,538,160	98.71%	100%
2014	16,677,587	16,468,708	98.75%	100%
2013	16,188,741	16,012,822	98.91%	100%
2012	16,298,677	16,025,068	98.32%	100%
2011	16,384,072	16,129,746	98.45%	100%
2010	16,281,962	16,038,535	98.50%	100%

Source: Municipal Financial Statements

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Debt Capacity Information

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

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**SHAMONG TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED**

FISCAL DECEMBER 31, ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES				
2020	\$ 994,000	\$ 647,470	\$	1,641,470	N/A	N/A
2019	1,134,000	438,109		1,572,109	N/A	N/A
2018	1,264,000	475,440		1,739,440	N/A	N/A
2017	2,054,000	713,160		2,767,160	0.73%	433
2016	2,814,000	950,880		3,764,880	1.02%	583
2015	2,706,654	1,188,600		3,895,254	1.08%	607
2014	4,401,346	-		4,401,346	1.27%	684
2013	4,328,346	-		4,328,346	1.30%	672
2012	6,104,346	-		6,104,346	1.83%	942
2011	6,849,346	31,328		6,880,674	2.10%	1,061

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

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

<u>GENERAL BONDED DEBT OUTSTANDING</u>						
FISCAL YEAR ENDED JUNE 30,	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA	
2020	\$ 994,000	\$ -	\$ 994,000	0.15%	N/A	
2019	1,134,000	-	1,134,000	0.17%	N/A	
2018	1,264,000	-	1,264,000	0.19%	198	
2017	2,054,000	-	2,054,000	0.31%	321	
2016	2,814,000	-	2,814,000	0.42%	439	
2015	2,706,654	-	2,706,654	0.41%	421	
2014	4,401,346	-	4,401,346	0.66%	680	
2013	5,216,346	-	5,216,346	0.79%	804	
2012	6,104,346	-	6,104,346	0.92%	934	
2011	6,849,346	-	6,849,346	1.66%	1,047	

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2020
UNAUDITED**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Shamong Township	\$ 1,134,000	100.00%	\$ 1,134,000
Burlington County General Obligation Debt	221,311,009	1.50%	3,319,665
Lenape Regional High School	45,725,000	3.95%	<u>1,806,138</u>
Subtotal, Overlapping Debt			6,259,803
Shamong Township District Direct Debt			<u>994,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 7,253,803</u></u>

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	\$ 23,221,709	\$ 23,221,697	\$ 23,228,557	\$ 23,228,068	\$ 23,223,261	\$ 24,601,571	\$ 24,915,332	\$ 25,609,407	\$ 23,107,643	\$ 23,774,756
Total Net Debt Applicable to Limit	994,000	1,134,000	1,264,000	2,054,000	2,814,000	2,706,654	4,401,346	5,216,346	6,104,346	6,849,346
Legal Debt Margin	\$ 22,227,709	\$ 22,087,697	\$ 21,964,557	\$ 21,174,068	\$ 20,409,261	\$ 21,894,917	\$ 20,513,986	\$ 20,393,061	\$ 17,003,297	\$ 16,925,410
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.28%	4.88%	5.44%	12.12%	11.00%	17.67%	20.37%	26.42%	28.81%	30.91%

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis:	
2019	\$ 663,834,039
2018	662,833,054
2017	663,765,144
	<u>\$ 1,990,432,237</u>
	<u>\$ 663,477,412</u>
Average Equalized Valuation of Taxable Property	
Debt Limit (3.5% of Average Equalization Value)	23,221,709
Net Bonded School Debt	<u>994,000</u>
Legal Debt Margin	<u>\$ 22,227,709</u>

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

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Demographic and Economic Information

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

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

YEAR	POPULATION (a)	PERSONAL INCOME (b)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2020	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A
2018	6,382	N/A	N/A	3.3%
2017	6,395	381,519,305	59,659	4.3%
2016	6,414	368,606,166	57,469	4.9%
2015	6,433	360,376,660	56,020	5.5%
2014	6,471	346,127,319	53,489	7.2%
2013	6,488	334,106,048	51,496	7.1%
2012	6,533	333,326,726	51,022	6.8%
2011	6,542	326,910,282	49,971	9.1%

Source:

(a) Population information provided by US Bureau of the Census; Population Division

(b) Personal income calculated using population and per capita personal income

(c) Per Capita personal income provided by the NJ Dept of Labor and Workforce Development

(d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Information not available.

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

	2020		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	110	1	N/A
Total	110		N/A
	2011		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Shamong Township School District	121	1	N/A
Total	121		N/A

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Operation Information

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

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Teachers - General Fund	67.0	67.0	67.0	68.0	53.0	69.0	69.0	73.5	70.5	71.0
Teachers - Special Revenue	-	-	-	0.0	20.0	-	-	-	-	-
Classroom Aides	-	-	-	0.0	8.0	8.0	9.5	12.0	12.0	11.5
Health Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Related Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Extraordinary Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Guidance - Professional	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Child Study Team	4.0	4.0	4.0	3.0	4.0	3.0	3.0	3.8	3.8	3.8
Child Study Team Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Supervisors & Other Professionals	1.0	1.0	1.0	1.0	0.8	0.4	0.4	0.2	0.2	0.2
Media Services/Technology	4.0	4.0	4.0	4.0	4.0	3.8	5.0	3.0	3.0	3.0
General District Administrators	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administration Support	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals/Assistant Principals	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administration Support	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services - Administrators	1.0	1.0	1.0	2.0	1.3	1.3	2.0	1.0	1.0	1.0
Central Services - Support	2.5	2.5	2.5	2.5	2.5	2.5	3.3	2.2	2.2	2.2
Operations & Maintenance	13.0	13.0	15.0	13.0	13.0	13.0	13.0	12.5	13.5	13.5
Total	109.5	109.5	111.5	110.5	123.6	117.9	122.2	125.2	123.2	123.2

Source: District Annual Budget Statement Supporting Documentation

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	TEACHER/PUPIL RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2020	718	\$ 15,773,779	\$ 21,969	1.10%	67	1:10	689.0	662.0	-6.77%	96.08%
2019	743	15,601,681	20,998	2.71%	67	1:10	739.0	716.0	-4.77%	96.89%
2018	760	15,190,361	19,987	7.84%	67	1:10	776.0	741.0	-0.08%	95.49%
2017	775	14,086,234	18,176	4.27%	73	1:10	776.6	663.4	-2.74%	85.42%
2016	806	13,509,710	16,761	1.61%	76	1:11	798.5	764.7	-4.23%	95.77%
2015	834	13,295,703	15,942	0.31%	81	1:10	833.8	799.4	-6.90%	95.87%
2014	902	13,254,541	14,695	2.96%	86	1:10	895.6	854.9	-0.58%	95.46%
2013	908	12,873,169	14,177	3.60%	83	1:11	900.8	862.2	-1.50%	95.71%
2012	919	12,425,325	13,520	-4.05%	83	1:11	914.5	872.7	-2.27%	95.43%
2011	936	12,949,940	13,835	0.95%	83	1:11	935.7	896.9	1.19%	95.85%

Sources: District records

Note: Enrollment based on annual October District count.

a. Operating expenditures equal total general fund expenditures.

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

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

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

DISTRICT BUILDINGS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Elementary Schools:										
Indian Mills School (1920):										
Square Feet	71,029	71,029	71,029	71,029	71,029	71,029	71,029	71,029	71,029	71,029
Capacity (Students)	507	507	507	507	507	507	507	507	507	507
Enrollment (a)	384	409	409	409	409	409	466	466	478	492
Indian Mills Memorial (1991):										
Square Feet	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543
Capacity (Students)	471	471	471	471	471	471	471	471	471	471
Enrollment (a)	334	369	391	391	391	391	436	436	430	427
Other Buildings:										
Sewer Plant (1991):										
Square Feet	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189	1,189
Garage at IMS (1953):										
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Garage at IMMS (1993):										
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500

Number of Schools at June 30, 2020:

- Elementary = 2
- Middle School = 0
- Senior High School = 0
- Other = 3

Source: District Long Range Facility Plan

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

N/A - Not Available

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

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

YEAR	IMS	IMMS	OTHER FACILITIES	TOTAL
2020	\$ 61,161	\$ 85,321	\$ 101,554	\$ 248,036
2019	118,000	128,100	102,778	348,878
2018	100,077	110,723	99,569	310,369
2017	74,417	97,042	94,401	265,860
2016	106,916	67,301	99,642	273,859
2015	84,012	98,524	103,397	285,933
2014	96,085	95,154	25,274	216,513
2013	102,926	99,034	24,406	226,366
2012	91,003	103,260	23,494	217,757
2011	99,168	91,909	23,317	214,394

Source: District records

**SHAMONG TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED**

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

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

(2) Haines and Hanines/TC Irons Agency

(3) Haines and Hanines/TC Irons Agency

Source: District records

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SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Shamong Township School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Shamong Township School District's basic financial statements, and have issued our report thereon dated January 14, 2021.

Internal Control Over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 14, 2021

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

Honorable President and Members
of the Board of Education
Shamong Township School District
County of Burlington
Shamong, New Jersey 08060

Report on Compliance for Each Major State Program

We have audited the Shamong Township School District's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2020. The Shamong Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Shamong Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Shamong Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
January 14, 2021

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SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	ADJUSTMENT	(ACCOUNTS RECEIVABLE) 2020
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: Enterprise Fund:										
Child Nutrition Cluster:										
Food Distribution Program (Noncash Assistance)	10.555	201N1304N1099	\$ 12,009	7/1/19-6/30/20	\$ -	\$ 12,009	\$ (12,009)	\$ -	\$ -	\$ -
National School Lunch Program	10.555	201N1304N1099	27,823	7/1/19-6/30/20	-	20,648	(27,823)	-	-	(7,175)
COVID-19 National School Lunch Program	10.555	201N1304N1099	5,613	3/13/20-6/30/20	-	2,456	(5,613)	-	-	(3,157)
National School Lunch Program	10.555	191N1304N1099	41,004	7/1/18-6/30/19	(2,329)	2,329	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	201N1304N1099	1,756	7/1/19-6/30/20	-	1,337	(1,756)	-	-	(419)
COVID-19 Healthy Hunger-Free Kids Act	10.555	201N1304N1099	115	3/13/20-6/30/20	-	50	(115)	-	-	(65)
Healthy Hunger-Free Kids Act	10.555	191N1304N1099	2,321	7/1/18-6/30/19	(124)	124	-	-	-	-
Total Child Nutrition Cluster					(2,453)	38,953	(47,316)	-	-	(10,816)
Total Enterprise Fund Assistance					(2,453)	38,953	(47,316)	-	-	(10,816)
Total U.S. Department of Agriculture					(2,453)	38,953	(47,316)	-	-	(10,816)
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION: Special Revenue Fund:										
N.C.L.B:										
Title I - Part A	84.010	S010A190030	62,859	7/1/19-6/30/20	-	51,977	(62,859)	-	-	(10,882)
Title II - Part A, Improving Teacher Quality	84.367	S367A190029	12,450	7/1/19-6/30/20	-	11,801	(12,450)	-	-	(649)
Special Education Cluster:										
I.D.E.A. Part B, Basic Regular	84.027A	H027A190100	175,655	7/1/19-6/30/20	-	170,831	(175,655)	-	-	(4,824)
I.D.E.A. Preschool Program	84.173A	HI73A190114	11,195	7/1/19-6/30/20	-	11,195	(11,195)	-	-	-
Total Special Education Cluster					-	182,026	(186,850)	-	-	(4,824)
Total Special Revenue Fund Assistance					-	245,804	(262,159)	-	-	(16,355)
Total U.S. Department of Education					-	245,804	(262,159)	-	-	(16,355)
Total Federal Financial Assistance					\$ (2,453)	\$ 284,757	\$ (309,475)	\$ -	\$ -	\$ (27,171)

SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2019	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB-RECIPIENT EXPENDITURES	ADJUSTMENT	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2020	DEFERRED REVENUE AT JUNE 30, 2020	DUE TO GRANTOR AT JUNE 30, 2020	MEMO	
													BUDGETARY EXPENDITURES	BUDGETARY RECEIVABLE
State Department of Education:														
General Fund:														
State Aid Public:														
Equalization Aid	495-034-5120-078	\$ 3,266,834	7/1/19-6/30/20	\$ -	-	\$ 3,266,834	\$ (3,266,834)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323,511	\$ 3,266,834
Categorical Special Education Aid	495-034-5120-089	507,214	7/1/19-6/30/20	-	-	507,214	(507,214)	-	-	-	-	-	50,229	507,214
Categorical Security Aid	495-034-5120-084	65,308	7/1/19-6/30/20	-	-	65,308	(65,308)	-	-	-	-	-	6,467	65,308
Total State Aid Public						<u>3,839,356</u>	<u>(3,839,356)</u>						<u>380,207</u>	<u>3,839,356</u>
Categorical Transportation Aid	495-034-5120-014	191,437	7/1/19-6/30/20	-	-	191,437	(191,437)	-	-	-	-	-	18,958	191,437
Extraordinary Aid	495-034-5120-044	89,231	7/1/19-6/30/20	(45,034)	-	-	(89,231)	-	-	(89,231)	-	-	-	89,231
Extraordinary Aid	495-034-5120-044	45,034	7/1/18-6/30/19	(3,190)	-	45,034	-	-	-	-	-	-	-	-
Excess Non-Public Transportation Costs	495-034-5120-014	3,190	7/1/18-6/30/19	-	-	3,190	-	-	-	-	-	-	-	-
On-Behalf TPAF Post-Retirement	495-034-5094-001	471,982	7/1/19-6/30/20	-	-	471,982	(471,982)	-	-	-	-	-	-	471,982
Medical (Nonbudgeted)														
On-Behalf TPAF Pension	495-034-5094-002	1,272,251	7/1/19-6/30/20	-	-	1,272,251	(1,272,251)	-	-	-	-	-	-	1,272,251
Contributions (Nonbudgeted)														
On-Behalf TPAF Long-Term Disability Insurance	495-034-5094-004	1,031	7/1/19-6/30/20	-	-	1,031	(1,031)	-	-	-	-	-	-	1,031
Contributions (Nonbudgeted)														
Reimbursed TPAF Social Security	100-034-5095-003	450,373	7/1/19-6/30/20	-	-	447,742	(450,373)	-	-	(2,631)	-	-	-	450,373
Contribution (Non-Budgeted)														
Reimbursed TPAF Social Security	100-034-5095-003	445,968	7/1/18-6/30/19	(22,133)	-	22,133	-	-	-	-	-	-	-	-
Contribution (Non-Budgeted)														
Total General Fund Assistance						<u>6,294,156</u>	<u>(6,315,661)</u>			<u>(91,862)</u>			<u>399,165</u>	<u>6,315,661</u>
Debt Service Fund:														
Debt Service Type II	495-034-5120-125	33,663	7/1/19-6/30/20	-	-	33,663	(33,663)	-	-	-	-	-	-	33,663
Total Debt Service Fund Assistance						<u>33,663</u>	<u>(33,663)</u>							<u>33,663</u>
Total State Department of Education						<u>6,327,819</u>	<u>(6,349,324)</u>			<u>(91,862)</u>			<u>399,165</u>	<u>6,349,324</u>
State Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program	100-010-3360-067	1,839	7/1/19-6/30/20	(106)	-	1,018	(1,839)	-	-	(821)	-	-	-	1,839
National School Lunch Program	100-010-3360-067	1,983	7/1/18-6/30/19	-	-	106	-	-	-	-	-	-	-	-
Total Enterprise Fund Assistance						<u>1,124</u>	<u>(1,839)</u>			<u>(821)</u>				<u>1,839</u>
Total State Department of Agriculture						<u>1,124</u>	<u>(1,839)</u>			<u>(821)</u>				<u>1,839</u>
Total State Financial Assistance						<u>6,328,943</u>	<u>(6,351,163)</u>			<u>(92,683)</u>			<u>399,165</u>	<u>6,351,163</u>

Less: Grants Not Subject to Major Program Determination:

On-Behalf TPAF Post-Retirement	495-034-5094-001	471,982	7/1/19-6/30/20				471,982							
Medical (Nonbudgeted)														
On-Behalf TPAF Pension	495-034-5094-002	1,272,251	7/1/19-6/30/20				1,272,251							
Contributions (Nonbudgeted)														
On-Behalf TPAF Long-Term Disability Insurance	495-034-5094-004	1,031	7/1/19-6/30/20				1,031							
Contributions (Nonbudgeted)														
Total State Financial Assistance Subject to Major Program Determination							<u>(4,605,899)</u>							

**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

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

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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2020. 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, 2020.

Note 3. Relationship to Basic Financial Statements

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

**SHAMONG TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Note 3. Relationship to Basic Financial Statements (continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis for the general fund was \$12,087. There was no adjustment to reconcile the special revenue fund from the budgetary basis to the GAAP basis. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 6,327,748	\$ 6,327,748
Special Revenue Fund	262,159	-	262,159
Debt Service Fund	-	33,663	33,663
Food Service Fund	47,316	1,839	49,155
Total Awards & Financial Assistance	<u>\$ 309,475</u>	<u>\$ 6,363,250</u>	<u>\$ 6,672,725</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Shamong Township School District had no loan balances outstanding at June 30, 2020.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes no

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000 _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	State Aid - Public: _____
495-034-5120-078	Equalization Aid _____
495-034-5120-084	Categorical Security Aid _____
495-034-5120-089	Categorical Special Education Aid _____
_____	_____
_____	_____
_____	_____

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

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

None.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

FEDERAL AWARDS

N/A – Federal single audit not required

STATE FINANCIAL ASSISTANCE

None.

**SHAMONG TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in Prior Year.

State Financial Assistance

No Prior Year Findings.