

**TOWNSHIP OF SHAMONG
County of Burlington**

Report of Audit of Financial Statements

For the Year Ended December 31, 2017

TOWNSHIP OF SHAMONG
COUNTY OF BURLINGTON

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TOWNSHIP OF SHAMONG

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2017

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Shamong
County of Burlington
Shamong, New Jersey

Report on the Financial Statements

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Shamong, in the County of Burlington, State of New Jersey, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township'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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Shamong, in the County of Burlington, State of New Jersey, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Shamong, in the County of Burlington, State of New Jersey, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2017 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements

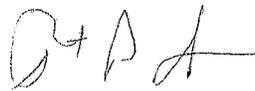
The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures 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 my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2018 on my consideration of the Township of Shamong's, in the County of Burlington, State of New Jersey, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Shamong's internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

INVERSO & STEWART, LLC

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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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Shamong
County of Burlington
Shamong, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Township of Shamong, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued my report thereon dated May 31, 2018. That report indicated that the Township of Shamong's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

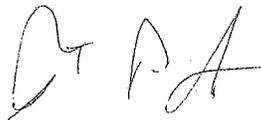
As part of obtaining reasonable assurance about whether the Township of Shamong's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township'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 Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
May 31, 2018

TOWNSHIP OF SHAMONG
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

<u>ASSETS</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Cash - Treasurer	A-4	\$ 8,720,582.75	\$ 7,229,849.33
Cash - Change Fund - Collector	A-5	60.00	60.00
Investments - Bond Anticipation Notes	C-7	<u>200,925.00</u>	<u>223,250.00</u>
Total		<u>8,921,567.75</u>	<u>7,453,159.33</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	216,433.27	220,679.56
Tax Title Liens Receivable	A-8	145,525.91	130,866.99
Property Acquired for Taxes - Assessed Valuation	A-9	1,050,325.00	1,050,325.00
Revenue Accounts Receivable	A-10	2,031.50	2,563.09
Due From Federal and State Grant Fund	A	16,781.92	
Due from Animal Control Fund	B	<u>2,861.49</u>	<u>382.02</u>
Total		<u>1,433,959.09</u>	<u>1,404,816.66</u>
Total Regular Fund		<u>10,355,526.84</u>	<u>8,857,975.99</u>
Federal and State Grant Fund:			
Cash - Treasurer	A-4		23,905.79
Federal and State Grants Receivable	A-19	217,075.00	419,210.00
Due from Current Fund	A	<u>8.17</u>	<u>8.17</u>
Total Federal and State Grant Fund		<u>217,083.17</u>	<u>443,123.96</u>
Total Assets		<u>\$ 10,572,610.01</u>	<u>\$ 9,301,099.95</u>

TOWNSHIP OF SHAMONG
Current Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 521,305.70	\$ 682,609.21
Encumbrances Payable - Current Year	A-3	69,144.39	55,777.81
Encumbrances Payable - Prior Year	A-11		1,680.00
Tax Overpayments	A-12	72,130.09	35,741.47
Prepaid Taxes	A-13	881,650.16	127,224.45
Tax Title Lien Redemption Payable		7,568.09	7,568.09
Local District School Taxes Payable	A-14	3,556,978.52	3,318,179.50
Regional High School Taxes Payable	A-15	1,960,542.35	1,919,399.81
Due County for Added and Omitted Taxes	A-16	8,684.31	4,013.60
Due to Federal and State Grant Fund	A	8.17	8.17
Reserve for Large Animal Rescue		100.00	100.00
Due to Other Trust Fund	B	182,829.48	77,111.41
Due to Public Assistance Fund	D	12,665.00	12,665.00
Due State of New Jersey - Veterans and Senior Citizens	A-6		2,696.58
Due State of New Jersey - DCA Fees	A-17	1,795.00	3,368.00
Due State of New Jersey - Marriage License Fees	A-18	200.00	200.00
		<u>7,275,601.26</u>	<u>6,248,343.10</u>
Total Liabilities			
Reserve for Receivables and Other Assets	A	1,433,959.09	1,404,816.66
Fund Balance	A-1	<u>1,645,966.49</u>	<u>1,204,816.23</u>
		<u>10,355,526.84</u>	<u>8,857,975.99</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due to Current Fund	A	16,781.92	
Encumbrances Payable - Current Year	A-21	16,562.63	34,603.45
Unappropriated Reserves	A-20	3,740.16	
Appropriated Reserves	A-21	<u>179,998.46</u>	<u>408,520.51</u>
		<u>217,083.17</u>	<u>443,123.96</u>
Total Federal and State Grant Fund			
Total Liabilities, Reserves and Fund Balance		<u>\$ 10,572,610.01</u>	<u>\$ 9,301,099.95</u>

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

TOWNSHIP OF SHAMONG
Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 1,100,000.00	\$ 1,100,000.00
Miscellaneous Revenue Anticipated	1,097,535.80	1,437,265.61
Receipts from Delinquent Taxes	227,390.53	199,147.64
Receipts from Current Taxes	18,610,023.79	17,933,280.85
Nonbudget Revenues	236,692.67	115,320.68
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	681,799.47	482,666.72
Cancellation of Due to State	2,696.58	
Liquidation of Interfund Receivables	382.02	8.02
Total Revenue and Other Income Realized	<u>21,956,520.86</u>	<u>21,267,689.52</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	607,096.22	592,460.00
Other Expenses	1,064,206.00	1,226,134.73
Deferred Charges and Statutory Expenditures Within "CAPS"	124,435.78	114,122.27
Operations Excluded from "CAPS":		
Salaries and Wages	160,700.00	167,667.00
Other Expenses	52,154.43	444,718.30
Capital Improvements Excluded from "CAPS"	26,618.62	2,500.00
Municipal Debt Service Excluded from "CAPS"	177,460.68	54,335.68
Deferred Charges and Statutory Expenditures Excluded from "CAPS"		9,120.00
County Taxes	2,848,207.56	2,834,910.34
Due County for Added Taxes	8,684.31	4,013.60
Local District School District Tax	10,018,910.00	9,471,312.00
Regional High School Tax	5,176,943.00	5,064,658.00
Municipal Open Space Tax	132,766.60	132,467.00
Municipal Open Space - Added Taxes	405.48	187.41
Interfunds Created	16,781.92	
Subtotal	<u>20,415,370.60</u>	<u>20,118,606.33</u>
Less: Expenditures to be Raised by Future Taxes		
Total Expenditures	<u>20,415,370.60</u>	<u>20,118,606.33</u>
Statutory Excess to Fund Balance (Carried Forward)	1,541,150.26	1,149,083.19

TOWNSHIP OF SHAMONG
Current Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Statutory Excess to Fund Balance (Carried Forward)	1,541,150.26	1,149,083.19
Statutory Excess to Fund Balance (Brought Forward)	\$ 1,541,150.26	\$ 1,149,083.19
Fund Balance January 1	<u>1,204,816.23</u>	<u>1,155,733.04</u>
Total	2,745,966.49	2,304,816.23
Decreased by Utilization as Anticipated Revenue	<u>1,100,000.00</u>	<u>1,100,000.00</u>
Fund Balance December 31	<u><u>\$ 1,645,966.49</u></u>	<u><u>\$ 1,204,816.23</u></u>

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

TOWNSHIP OF SHAMONG
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2017

	<u>BUDGET</u>	<u>SPECIAL NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Fund Balance Anticipated	\$ 1,100,000.00	\$ -	\$ 1,100,000.00	\$ -
Miscellaneous Revenues:				
Local Revenues:				
Licenses:				
Alcoholic Beverage	1,814.00		2,611.00	797.00
Fines and Costs:				
Municipal Court	30,000.00		45,026.27	15,026.27
Interest and Costs on Taxes	30,000.00		64,203.71	34,203.71
Interest on Investments and Deposits	1,000.55		62,400.15	61,399.60
Mobile Home Fees	30,000.00		35,844.00	5,844.00
State Aid Without Offsetting Appropriations:				
Consolidated Municipal Property Tax Relief Aid				
Energy Receipts Tax	470,649.00		470,649.00	
Garden State Trust	112,346.00		112,346.00	
Uniform Construction Code Fees	85,000.00		94,171.00	9,171.00
Shared Service Agreements Offset with Appropriations				
Tax Assessor - Tabernacle Township	36,194.00		35,651.88	(542.12)
Tax Assessor - Burlington Township	69,474.00		71,449.36	1,975.36
Construction Code - Southampton Township	73,440.00		81,029.00	7,589.00
Special Items Offset with Appropriations:				
Recycling Tonnage Grant	2,593.45		2,593.45	
Clean Communities Program		19,560.98	19,560.98	
 Total	 <u>942,511.00</u>	 <u>19,560.98</u>	 <u>1,097,535.80</u>	 <u>135,463.82</u>
Receipts from Delinquent Taxes	197,000.00		227,390.53	30,390.53
Amount to be Raised by Taxes for Support of Municipal Budget -				
Local Tax for Municipal Purposes	626,865.32		814,152.37	187,287.05
Budget Totals	2,866,376.32	19,560.98	3,239,078.70	<u>\$ 353,141.40</u>
Nonbudget Revenues			236,692.67	
Total	<u>\$ 2,866,376.32</u>	<u>\$ 19,560.98</u>	<u>\$ 3,475,771.37</u>	

TOWNSHIP OF SHAMONG
 Current Fund
 Statement of Revenues - Regulatory Basis
 For the Year Ended December 31, 2017

ANALYSIS OF REALIZED REVENUE

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 18,610,023.79
Allocated to School and County Taxes	<u>18,185,916.95</u>
Balance for Support of Municipal Budget Appropriations	424,106.84
Add Appropriation - Reserve for Uncollected Taxes	<u>390,045.53</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 814,152.37</u>
Receipts from Delinquent Taxes:	
Delinquent Tax Collections	<u>\$ 227,390.53</u>
Miscellaneous Revenue:	
Cable Fees	\$ 23,253.53
Copies	2,295.42
Resale CO's	6,351.00
JIF Safety Grant	1,695.00
Planning and Zoning Fees	5,300.00
Snow Plowing	30,912.00
Rentals	500.00
Road Opening Fees	3,000.00
Vets and Senior Citizen Administrative Fee	950.00
Sale of Property	84,893.73
Refunds	16,388.42
Abandoned Properties	27,437.54
Refund of Prior Years Expense	32,774.58
Miscellaneous	<u>941.45</u>
Total	<u>\$ 236,692.67</u>

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

TOWNSHIP OF SHAMONG
Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended	Unexpended Balance Canceled
	Budget	Budget After Modification			
GENERAL APPROPRIATIONS:					
Operations Within "CAPS":					
General Government:					
General Administration					
Salaries and Wages	\$ 58,500.00	\$ 57,996.22	\$ 51,364.77	\$ -	\$ 6,631.45
Other Expenses	21,200.00	20,200.00	7,234.83	753.53	12,211.64
Mayor and Committee					
Salaries and Wages	15,600.00	15,600.00	14,006.58		1,593.42
Other Expenses	4,000.00	4,000.00	1,725.70		2,274.30
Municipal Clerk					
Salaries and Wages	122,500.00	122,500.00	102,805.57	1,319.86	19,694.43
Other Expenses	25,000.00	25,000.00	10,842.19		12,837.95
Financial Administration:					
Salaries and Wages	32,500.00	31,500.00	18,074.98		13,425.02
Other Expenses	10,500.00	10,500.00	7,256.21		3,243.79
Audit Services					
Other Expenses	22,000.00	22,000.00	21,000.00		1,000.00
Revenue Administration (Tax Collection)					
Salaries and Wages	52,000.00	52,000.00	47,471.58		4,528.42
Other Expenses	12,500.00	12,500.00	7,595.59	347.76	4,556.65
Tax Assessment Administration					
Salaries and Wages	22,000.00	22,000.00	21,656.44		343.56
Other Expenses	6,000.00	6,000.00	2,711.04	2,206.00	1,082.96
Interest on Appeals	100.00	100.00			100.00
Legal Services and Costs:					
Other Expenses	55,000.00	55,000.00	27,886.00		27,114.00
Engineering Services and Costs:					
Other Expenses	105,000.00	105,000.00	64,803.25	2,663.65	37,533.10
Municipal Land Use Law (N.J.S.A. 40:SSD-1):					
Joint Land Use Board					
Salaries and Wages	14,400.00	14,400.00	13,332.02		1,067.98
Other Expenses	10,500.00	10,500.00	1,819.65	108.26	8,572.09
Environmental Control					
Other Expenses	1,000.00	1,000.00			1,000.00
Rent Control					
Salaries and Wages	1,500.00	1,500.00	1,125.00		375.00
Other Expenses	6,000.00	6,000.00	1,281.13		4,718.87
Insurance:					
Liability Insurance	22,000.00	22,000.00	15,860.26		6,139.74
Workers Compensation	57,000.00	57,000.00	43,504.44		13,495.56
Employee Group Insurance	160,000.00	160,000.00	95,475.57		64,524.43
Other Insurance Premiums	18,200.00	18,200.00	5,835.01		12,364.99

TOWNSHIP OF SHAMONG
Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
GENERAL APPROPRIATIONS:						
Operations Within "CAPS":						
JIF Commissioner	\$ 2,400.00	\$ 2,400.00	\$ 2,229.01	\$ -	\$ 170.99	\$ -
Salaries and Wages	5,700.00	5,700.00	5,152.41		547.59	
Office of Emergency Management	17,000.00	17,000.00	6,575.05	1,767.01	8,657.94	
Salaries and Wages	49,000.00	49,000.00	49,000.00			
Other Expenses	35,000.00	35,000.00	35,000.00			
Aid to Volunteer Fire Companies						
Aid to Volunteer Ambulance Companies						
Municipal Prosecutor:						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	500.00	500.00			500.00	
Discovery Clerk						
Salaries and Wages	500.00	500.00			500.00	
Public Buildings and Grounds						
Streets and Roads Maintenance						
Salaries and Wages	210,000.00	210,000.00	171,086.81		38,913.19	
Other Expenses	486,406.00	486,406.00	95,285.71	51,015.87	90,104.42	250,000.00
Recycling Program:						
Other Expenses	3,000.00	3,000.00			3,000.00	
Building and Grounds						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	16,300.00	16,300.00	8,905.97	6,316.76	1,077.27	
War Memorial						
Other Expenses	1,500.00	1,500.00	165.00		1,335.00	
Health and Human Services						
Board of Health						
Salaries and Wages	2,500.00	2,500.00	1,614.13		885.87	
Other Expenses	2,000.00	2,000.00	1,542.00		458.00	
Animal Control						
Other Expenses	10,500.00	10,500.00	3,215.00	245.00	7,040.00	
Parks and Recreation						
Maintenance of Parks						
Other Expenses	7,000.00	7,000.00			7,000.00	
Maintenance of Lake						
Other Expenses	13,500.00	13,500.00	1,083.50		12,416.50	

TOWNSHIP OF SHAMONG
Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations			Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification			Encumbered	Reserved	
GENERAL APPROPRIATIONS:							
Operations Within "CAPS":							
Utility Expense and Bulk Purchase	\$ 33,500.00	\$ 33,500.00	\$ 23,181.21	\$ 304.80	\$ 10,013.99	\$ -	
Electricity	11,000.00	11,000.00	8,322.32		2,677.68		
Street Lights	8,100.00	8,100.00	6,190.62		1,909.38		
Telephone	9,600.00	9,600.00	4,849.41	1,147.39	3,603.20		
Natural Gas	2,700.00	2,700.00	1,950.21		749.79		
Telecommunications	23,000.00	23,000.00	10,552.67	948.50	11,498.83		
Gasoline/Diesel							
Uniform Construction Code Enforcement Function							
Construction Official							
Salaries and Wages	65,500.00	66,500.00	63,828.44		2,671.56		
Other Expenses	8,300.00	8,300.00	4,167.15		4,132.85		
Accumulated Sick Leave Compensation							
Salaries and Wages	1,000.00	1,000.00	1,000.00				
Municipal Court							
Salaries and Wages	500.00	500.00			500.00		
Other Expenses	32,200.00	33,200.00	30,795.27		2,404.73		
Public Defender							
Salaries and Wages	500.00	500.00			500.00		
Other Expenses	500.00	500.00			500.00		
Contingent	6,600.00	6,600.00			6,600.00		
Total Operations Including Contingent - Within "CAPS"	1,921,806.00	1,921,302.22	1,120,359.70	69,144.39	481,798.13	250,000.00	
Detail:							
Salaries and Wages	607,600.00	607,096.22	513,747.74	69,144.39	93,348.48		
Other Expenses	1,314,206.00	1,314,206.00	606,611.96		388,449.65		250,000.00
Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS":							
STATUTORY EXPENDITURES:							
Contribution to:							
Public Employees' Retirement System	68,432.00	68,935.78	68,935.78		1,063.15		
Defined Contribution Retirement Plan	1,500.00	1,500.00	436.85		2,256.98		
Social Security System (O.A.S.I.)	54,000.00	54,000.00	51,743.02				
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	123,932.00	124,435.78	121,115.65	69,144.39	3,320.13	250,000.00	
Total General Appropriations - For Municipal Purposes Within "CAPS"	2,045,738.00	2,045,738.00	1,241,475.35	69,144.39	485,118.26	250,000.00	

TOWNSHIP OF SHAMONG
Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended Encumbered	Reserved	Unexpended Balance Canceled
	Budget	Budget After Modification				
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
L.O.S.A.P.	\$ 30,000.00	\$ 30,000.00	\$ 16,862.00	\$ -	\$ 13,138.00	\$ -
Interlocal Municipal Service Agreements:						
Shared Service - Agreements						
Construction Code, Building, and Zoning						
Salaries and Wages	70,200.00	70,200.00	58,162.59		12,037.41	
Other Expenses						
Tax Assessor						
Salaries and Wages	90,500.00	90,500.00	82,300.97		8,199.03	
Other Expenses						
Total Other Operations Excluded from "CAPS":	190,700.00	190,700.00	157,325.56		33,374.44	
GENERAL APPROPRIATIONS:						
Operations Excluded from "CAPS":						
Public and Private Programs Offset by Revenues:						
Clean Communities Program		19,560.98	19,560.98			
Alcohol Ed and Rehab						
New Jersey Department of Transportation						
Burlington County Park Improvement						
Recycling Tonnage Grant	2,593.45	2,593.45	2,593.45			
Total Public and Private Programs Offset by Revenues	2,593.45	22,154.43	22,154.43			
Total Operations - Excluded From "CAPS"	193,293.45	212,854.43	179,479.99		33,374.44	
Detail:						
Salaries and Wages	160,700.00	160,700.00	140,463.56		20,236.44	
Other Expenses	32,593.45	52,154.43	39,016.43		13,138.00	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	30,000.00	30,000.00				30,000.00
Computer Hardware & Software	3,245.00	3,245.00	432.00		2,813.00	
Purchase of Ambulance	23,373.62	23,373.62	23,373.62			
Total Capital Improvements - Excluded From "CAPS"	56,618.62	56,618.62	23,805.62		2,813.00	30,000.00

TOWNSHIP OF SHAMIONG

Current Fund

Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

	Appropriations		Paid or Charged	Expended		Unexpended Balance Canceled
	Budget	Budget After Modification		Encumbered	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Anticipation Notes	\$ 114,000.00	\$ 114,000.00	\$ 112,325.00	\$ -	\$ -	\$ 1,675.00
Interest on Notes	11,000.00	11,000.00	10,800.00	-	-	200.00
Capital Lease Obligations	35,680.72	35,680.72	35,680.72	-	-	-
Green Trust Loan Program						
Loan Repayments for Principal & Interest	20,000.00	20,000.00	18,654.96	-	-	1,345.04
Total Municipal Debt Service - Excluded From "CAPS"	<u>180,680.72</u>	<u>180,680.72</u>	<u>177,460.68</u>			<u>3,220.04</u>
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>430,592.79</u>	<u>450,153.77</u>	<u>380,746.29</u>		<u>36,187.44</u>	<u>33,220.04</u>
Subtotal General Appropriations Reserve for Uncollected Taxes	2,476,330.79	2,495,891.77	1,622,221.64	69,144.39	521,305.70	283,220.04
	<u>390,045.53</u>	<u>390,045.53</u>	<u>390,045.53</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 2,866,376.32</u>	<u>\$ 2,885,937.30</u>	<u>\$ 2,012,267.17</u>	<u>\$ 69,144.39</u>	<u>\$ 521,305.70</u>	<u>\$ 283,220.04</u>

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

TOWNSHIP OF SHAMONG
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2017

Analysis of Budget After Modification:

Original Budget	\$ 2,866,376.32	
By Appropriation 40A:4-87	<u>19,560.98</u>	
		<u>\$ 2,885,937.30</u>

Analysis of Paid or Charged:

Reserve for Federal and State Grants - Appropriated	22,154.43	
Reserve for Uncollected Taxes	390,045.53	
Encumbrances Payable	69,144.39	
Cash Disbursed	<u>1,600,067.21</u>	
 Total		 <u>\$ 2,081,411.56</u>

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

TOWNSHIP OF SHAMONG

Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 8,777.09	\$ 7,734.02
Due from State of New Jersey		1.20	
Total Animal Control Fund		<u>8,778.29</u>	<u>7,734.02</u>
Other Funds:			
Cash - Treasurer	B-1	557,058.15	901,547.67
Due from Current Fund	A	182,829.48	77,111.41
Total Other Funds		<u>739,887.63</u>	<u>978,659.08</u>
Total Assets		<u>\$ 748,665.92</u>	<u>\$ 986,393.10</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 2,861.49	\$ 382.02
Prepaid License Fees		17.60	35.20
Reserve for Dog Fund Expenditures	B-2	5,899.20	7,316.80
Total Animal Control Fund		<u>8,778.29</u>	<u>7,734.02</u>
Other Funds:			
Payroll Deductions Payable	B-13	4,458.97	4,991.30
Reserve for :			
Unemployment Compensation Insurance	B-3	19,716.32	19,210.27
Recreation Escrow	B-4	6,576.11	6,522.03
S.T.A.S.A. - Municipal Alliance	B-5	7,722.74	7,659.23
Public Defender Fees	B-6	562.86	629.47
Open Space Trust	B-7	476,394.34	812,318.02
Tax Sale Premiums	B-8	129,300.00	23,800.00
Multi - Escrow	B-9	19,833.30	19,400.45
Accumulated Absences	B-10	22,198.99	31,004.31
POAA	B-11	500.00	500.00
Planning Board Subdivision:			
Escrow for Professional Fees	B-12	52,624.00	52,624.00
Total Other Funds		<u>739,887.63</u>	<u>978,659.08</u>
Total Liabilities and Reserves		<u>\$ 748,665.92</u>	<u>\$ 986,393.10</u>

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

TOWNSHIP OF SHAMONG
General Capital Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Cash - Treasurer	C-2	\$ 294,025.66	\$ 407,024.23
Deferred Charges to Future Taxation:			
Funded	C-4	168,319.51	183,381.77
Unfunded	C-5	<u>1,010,925.00</u>	<u>1,123,250.00</u>
Total		<u>\$ 1,473,270.17</u>	<u>\$ 1,713,656.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Green Trust Loan Payable	C-6	\$ 168,319.51	\$ 183,381.77
Bond Anticipation Notes Payable	C-7	1,010,925.00	1,123,250.00
Improvement Authorizations:			
Funded	C-8	37,767.98	37,767.98
Unfunded	C-8	51,507.04	238,391.69
Reserve for Encumbrances	C-8	73,886.08	
Capital Improvement Fund	C-9	38,747.00	38,747.00
Down Payment on Capital Improvements		200.00	200.00
Fund Balance	C-1	<u>91,917.56</u>	<u>91,917.56</u>
Total		<u>\$ 1,473,270.17</u>	<u>\$ 1,713,656.00</u>

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

TOWNSHIP OF SHAMONG
General Capital Fund
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2017

Balance December 31, 2016 and 2017

\$ 91,917.56

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

TOWNSHIP OF SHAMONG
Public Assistance Fund
Statement of Assets, Liabilities and Reserves
For the Years Ended December 31, 2017 and 2016

	<u>REFERENCE</u>	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>			
Due From Current Fund	A	<u>\$ 12,665.00</u>	<u>\$ 12,665.00</u>
Total		<u><u>\$ 12,665.00</u></u>	<u><u>\$ 12,665.00</u></u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance		<u>\$ 12,665.00</u>	<u>\$ 12,665.00</u>

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

TOWNSHIP OF SHAMONG
GENERAL FIXED ASSETS ACCOUNT GROUP
Statement of Changes in General Fixed Assets - Regulatory Basis
For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Retirements	Balance December 31, 2017
General Fixed Assets:				
Land and Land Improvements	\$ 770,922.40	\$ 459,162.28	\$ -	\$ 1,230,084.68
Building and Building Improvements	529,421.00			529,421.00
Machinery and Equipment	2,111,821.54			2,111,821.54
Total	\$ 3,412,164.94	\$ 459,162.28	\$ -	\$ 3,871,327.22
 Investment in General Fixed Assets	 <u>\$ 3,412,164.94</u>	 <u>\$ 459,162.28</u>	 <u>\$ -</u>	 <u>\$ 3,871,327.22</u>

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Shamong (hereafter referred to as the "Township") is located in the southwest portion of the County of Burlington, State of New Jersey. The estimated population at July 1, 2015 according to the New Jersey Department of Labor and Workforce Development is 6,419.

The Township was incorporated in 1852 and is governed by a Committee form of government which consists of five members elected at large by the voters. The Committee members serve three-year terms that are staggered. Two members are elected in two successive years and one member is elected in the third year. The Mayor is selected annually by the Committee and acts as the Chief Executive Officer of the Township. The legislative powers rest with the Township Committee. The Township Administrator/Clerk and Chief Financial Officer are appointed by the Township Committee and monitor the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Criteria for determining if other entities are potential component units which should be reported within the basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 and 2600. The application of these criteria provides for identification of any entities for which the Township is financially accountable and other organizations that the nature and significance of their relationship with the Township are such that exclusion would cause the basic financial statements to be misleading or incomplete.

Based on the application of these criteria, there were no organizations that are considered to be component units.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds which are described as follows.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current Fund in accordance with N.J.S.A. 40A:4et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Township. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

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 Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, 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 amount of their deposits to the governmental units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balances.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the basic financial statements.

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Township until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund represents amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the annual budget, but also the amounts required in support of the budgets of the Shamong Township School District, Lenape Regional High School District, and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Shamong Township School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31 and for the regional high school district the share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

County Taxes - The Township is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the financial position. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in the statement of revenues - regulatory basis and the statement of expenditures - regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality's deposits may not be recovered. Although the Municipality does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$9,493,325 as of December 31, 2017, \$250,000 was insured under FDIC and the remaining balance of \$9,243,325 was collateralized under GUDPA.

TOWNSHIP OF SHAMONG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3. PROPERTY TAXES

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years ending December 31.

<u>Comparative Schedule of Tax Rates</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Tax Rate	\$ 2.833	\$ 2.738	\$ 2.673	\$ 2.509 *	\$ 2.430
Apportionment of Tax Rate:					
Municipal Open Space	.020	.020	.020	.020	.019
Municipal Local Purpose	.094	.084	.064	.048	.039
County	.430	.428	.443	.401	.403
Regional School	.780	.768	.747	.673	.632
Local School	1.509	1.438	1.399	1.367	1.337

* Revaluation

<u>Assessed Valuation</u>	<u>Amount</u>
2017	\$ 663,833,016
2016	663,421,016
2015	663,723,231
2014	663,739,219
2013	* 665,720,511

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 18,862,810	\$ 18,610,024	98.65%
2016	18,190,112	17,933,281	98.59
2015	17,766,718	17,538,160	98.71
2014	16,677,587	16,468,708	98.75
2013	16,188,741	16,012,822	98.91

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 145,526	\$ 216,433	\$ 361,959	1.91%
2016	130,867	220,680	351,547	1.96
2015	106,719	203,548	310,267	1.75
2014	76,665	188,861	265,526	1.59
2013	71,673	147,516	219,189	1.35

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

<u>Year</u>	<u>Number</u>
2017	19
2016	19
2015	16
2014	12
2013	11

TOWNSHIP OF SHAMONG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 1,050,325
2016	1,050,325
2015	1,050,325
2014	1,050,025
2013	1,033,025

NOTE 5. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2017	\$ 1,645,966	\$ 1,200,000	72.90%
2016	1,204,816	1,100,000	91.30
2015	1,155,733	1,100,000	95.18
2014	1,404,602	1,200,000	85.43
2013	1,403,819	1,200,000	85.48

NOTE 6. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2017:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 19,643	\$ 195,502
Federal & State Grant Fund	8	16,782
Trust Fund:		
Animal Control Fund		2,861
Other Funds	182,829	
Public Assistance Fund	12,665	
	<u>\$ 215,145</u>	<u>\$ 215,145</u>

TOWNSHIP OF SHAMONG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS

Substantially all of the Township's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Township's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2017 was 12.98% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the fiscal year ended December 31, 2017 was \$73,833 and is payable by April 1, 2018. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$68,276, which was paid by April 1, 2017. Employee contributions to the pension plan during the year ended December 31, 2017 were \$41,801.

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Total Liability Paid by Township
2017	\$ 10,680	\$ 54,350	\$ 3,246	\$ 68,276
2016	15,472	71,274	4,644	91,390
2015	14,355	66,401	5,470	86,226

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to 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 fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$1,855,275. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The Township's proportion of the of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$180,048. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1. At December 31, 2017, the Township proportionate share of the PERS net pension liability was \$1,855,275 and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,685	\$ -
Changes of assumptions	373,774	372,404
Net Difference between projected and actual earnings on pension plan investments	12,633	
Changes in proportion	263,702	102,003
Township contributions subsequent to the measurement date	73,833	
Total	\$ 767,627	\$ 474,407

\$73,833 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWNSHIP OF SHAMONG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

For the year ended:	Net Deferred Outflows of Resources
2018	\$ 66,852
2019	66,852
2020	66,852
2021	101,728
2022	(82,897)
Total	\$ 219,387

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows 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	-
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
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	-
Changes in proportion		
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

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Additional Information

Collective balances at June 30, 2017 and 2016 are as follows:

	6/30/2017	6/30/2016
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
Township's Proportion	.0079699419%	.0076854005%

Actuarial assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 2.24%
- Salary Increases:
 - Through 2026: 1.65-4.15% based on age
 - Thereafter: 2.65-5.15% based on age
- Investment Rate of Return: 7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate. The following presents the Township's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's proportionate share of the net pension liability	\$ 2,301,595	\$ 1,855,275	\$ 1,483,436

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The

TOWNSHIP OF SHAMONG
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

7. PENSION PLANS (continued)

Defined Contribution Retirement Program (DCRP) (continued)

Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The Township's contributions, equal to the required contribution for each fiscal year, were as follows:

	<u>Employer</u>
2017	\$ 536
2016	-
2015	-

NOTE 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Township contributes to the State Health Benefits Program (“SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, chapter 9 of the New Jersey Administrative code.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. The defined benefit postemployment healthcare plan provides post employment health care benefits, at its cost, to certain retired employees for a period not to exceed (7) seven years from the date of retirement.

A Township employee will receive paid health insurance benefits upon retirement from the Township provided they 1) retire from the Township with at least twenty-five years of service in the New Jersey Public Employees Retirement System, and 2) retire from the Township with at least twenty-five years of service with the Township. The post retirement health care benefits shall be provided to eligible employees at one hundred percent (100%) and at eighty percent (80%) for dependents and/or surviving spouse. The employee, the dependent and/or surviving spouse shall be responsible for paying the remaining twenty percent (20%) of the cost for dependent and/or surviving spouse cost.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During the year 2015 and 2014, there was one retired employee who received this benefit resulting in the payments of \$13,642.90 and \$14,680.32, in related to health care premiums. For 2016 and 2017 no retired employees received Township paid health benefits.

**TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 9. COMPENSATED ABSENCES

The Township does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2017, accrued benefits for compensated absences are valued at \$78,206.

NOTE 10. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Joint Insurance Pool - The Township is a member of the Burlington County Municipal Joint Insurance Fund. The Fund offers the following lines of coverage to its members: general liability, automobile liability, property, fidelity and performance, boiler and machinery, workers' compensation, police professional, public officials and employment practices liability.

Annual contributions to the Fund are based on actuarial assumptions determined by the Fund's actuary. The Township is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report for December 31, 2017, which can be obtained by writing to:

Burlington County Municipal Joint Insurance Fund
P.O. Box 489
Marlton, New Jersey 08053.

NOTE 11. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

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

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

<u>Year</u>	<u>Interest Earned</u>	<u>Current Fund Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 163	\$ -	\$ 1,167	\$ 824	\$ 19,716
2016	47		1,015	1,105	19,210
2015	18		987	368	19,253

NOTE 12. SCHOOL TAXES

Local District School Tax and Regional High School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance Dec. 31,</u>		<u>Balance Dec. 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 5,022,213	\$ 4,783,414	\$ 2,590,204	\$ 2,549,062
Deferred	<u>1,465,234</u>	<u>1,465,234</u>	<u>629,662</u>	<u>629,662</u>
Tax Payable	<u>\$ 3,556,979</u>	<u>\$ 3,318,180</u>	<u>\$ 1,960,542</u>	<u>\$ 1,919,400</u>

**TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 13. CAPITAL DEBT

Summary of Municipal Debt

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
Issued:			
General:			
Green Trust Loan	\$ 168,320	\$ 183,382	\$ 198,147
Bond and Notes	<u>1,010,925</u>	<u>1,123,250</u>	<u> </u>
Total Issued	<u>1,179,245</u>	<u>1,306,632</u>	<u>198,147</u>
Authorized but not Issued			
General:			
Bonds and Notes	<u> </u>	<u> </u>	<u>259,120</u>
Total Authorized but not Issued	<u> </u>	<u> </u>	<u>259,120</u>
Net Debt	<u>\$ 1,179,245</u>	<u>\$ 1,306,632</u>	<u>\$ 457,267</u>

Bond Anticipation Notes Payable

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year from the date of issuance, however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

As of December 31, 2017, the Township had outstanding general capital bond anticipation notes of \$200,925 and \$810,000. The notes mature on November 30, 2018 and August 14, 2018 respectively, with an interest rate of 0.00% and 1.20% respectively.

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .169%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 2,054,000	\$ 2,054,000	\$ -
Regional High School District	2,159,468	2,159,468	
General Debt	<u>1,179,245</u>	<u> </u>	<u>1,179,245</u>
Total	<u>\$ 5,392,713</u>	<u>\$ 4,213,468</u>	<u>\$ 1,179,245</u>

Net Debt, \$1,179,245 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$698,093,160 equals .169%.

**TOWNSHIP OF SHAMONG
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 13. CAPITAL DEBT (continued)

Equalized Valuation Basis:

2015	\$	695,397,460
2016		699,849,218
2017		<u>699,032,802</u>
 Average	 \$	 <u>698,093,160</u>

Borrowing Power under N.J.S.A. 40A:2-6 as amended

3% of Equalized Valuation Basis (Municipal)	\$	20,942,795
Net Debt		<u>1,179,245</u>
 Remaining Borrowing Power	 \$	 <u>19,763,550</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Green Trust Loan Payable

The Township has received \$300,000.00 in loan proceeds from the State of New Jersey Green Trust Loan Program. The loan has a stated interest rate of 2.00% with a final maturity on July 29, 2027. The repayment schedule of this debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,365	\$ 3,290	\$ 18,655
2019	15,674	2,981	18,655
2020	15,989	2,666	18,655
2021	16,310	2,345	18,655
2022	16,638	2,017	18,655
2023-2027	<u>88,344</u>	<u>4,931</u>	<u>93,275</u>
 Total	 <u>\$ 168,320</u>	 <u>\$ 18,230</u>	 <u>\$ 186,550</u>

SUPPLEMENTAL EXHIBITS

CURRENT FUND

TOWNSHIP OF SHAMONG
Current Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2017

	<u>CURRENT FUND</u>	<u>FEDERAL AND STATE GRANT FUND</u>
Balance December 31, 2016	\$ 7,229,849.33	\$ 23,905.79
Receipts:		
Taxes Receivable	\$ 18,619,563.17	\$ -
Tax Title Liens Receivable	7,385.23	
Prepaid Taxes	881,650.16	
Tax Overpayments	85,774.23	
Revenue Accounts Receivable	1,075,381.37	
Tax Sale Premiums	105,500.00	
Due State of New Jersey:		
Marriage License Fees	875.00	
UCC Fees	5,840.00	
Due from State of New Jersey for Senior Citizens and Veterans Deductions	47,500.00	
Due from Animal Control Fund	382.02	
Miscellaneous Revenues Not Anticipated	236,692.67	
Contra	223,497.21	
Budget Refunds	10,263.36	
Due from General Capital Fund	22,325.00	
Due to Current Fund		16,781.92
Federal and State Grants Receivable		227,149.73
Total Receipts	<u>21,322,629.42</u>	<u>243,931.65</u>
Sub-Total	28,552,478.75	267,837.44
Disbursements:		
2017 Appropriations	1,600,067.21	
2016 Appropriation Reserves/Encumbrances Payable	58,267.55	
County Taxes	2,852,221.16	
Local School Taxes Payable	9,780,110.98	
Regional High School Taxes Payable	5,135,800.46	
Tax Overpayments	13,644.14	
Due State of New Jersey:		
Marriage License Fees	875.00	
UCC Fees	7,413.00	
Due to Other Trust Fund	132,954.01	
Due from Federal and State Grant Fund	16,781.92	
Contra	223,497.21	
Budget Refunds	10,263.36	
Federal and State Appropriated Reserves		267,837.44
Total Disbursements	<u>19,831,896.00</u>	<u>267,837.44</u>
Balance December 31, 2017	<u>\$ 8,720,582.75</u>	<u>\$ -</u>

TOWNSHIP OF SHAMONG
 Current Fund
 Schedule of Change Fund
 For the Year Ended December 31, 2017

<u>Analysis by Office</u>			
Municipal Clerk		\$	40.00
Construction Code			20.00
Total		\$	<u>60.00</u>

EXHIBIT A-6

Schedule of Due to State of New Jersey
 for Senior Citizens and Veterans Deductions
 For the Year Ended December 31, 2017

Balance Due from /(to) December 31, 2016		\$	(2,696.58)
Increased by:			
Senior Citizen Deductions per Duplicate	\$		3,000.00
Veterans Deductions per Duplicate			43,000.00
Veteran and Senior Citizen Deductions Allowed by Collector			<u>2,250.00</u>
Subtotal			48,250.00
Less - Disallowed Senior Citizens			750.00
Add - Canceled			<u>2,696.58</u>
Subtotal			50,196.58
Subtotal			47,500.00
Decreased by:			
Collected			<u>47,500.00</u>
Balance Due from /(to) December 31, 2017		\$	<u>-</u>

TOWNSHIP OF SHAMONG
Current Fund

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2017

Year	Balance Dec. 31, 2016	2017 Levy	Added Taxes	COLLECTIONS BY CASH 2016	2017	Sate Share of 2017 Senior Citizens and Veterans Deductions Allowed	Overpayments Applied	Transferred to Tax Title Lien	Cancelled	Balance Dec. 31, 2016
2012	\$ 57.26	\$ -	\$ -	\$ -	\$ 57.26	\$ -	\$ -	\$ -	\$ -	\$ -
2013	1,516.79				1,114.44					402.35
2016	219,105.51		26.71		218,833.60			245.26	52.58	0.78
Subtotal	220,679.56		26.71		220,005.30			245.26	52.58	403.13
2016	-	18,862,809.80		127,224.45	18,399,557.87	47,500.00		21,748.35	15,007.52	216,030.14
Total	\$ 220,679.56	\$ 18,862,809.80	\$ 26.71	\$ 127,224.45	\$ 18,619,563.17	\$ 47,500.00	\$ 35,741.47	\$ 21,993.61	\$ 15,060.10	\$ 216,433.27

Analysis of Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 18,806,390.60
Added Taxes	56,419.20
Total	\$ 18,862,809.80
Tax Levy:	
Local District School Tax (Abstract)	\$ 10,018,910.00
Regional High School Tax (Abstract)	5,176,943.00
Municipal Open Space Tax	132,766.60
Municipal Open Space Tax Added Taxes	405.48
County Tax (Abstract)	\$ 2,350,812.05
County Library Tax (Abstract)	217,247.57
County Open Space Tax (Abstract)	280,147.94
County Added Taxes	8,684.31
Local Tax for Municipal Purposes	626,865.32
Additional Tax Levies	50,027.53
Total	\$ 18,862,809.80

TOWNSHIP OF SHAMONG
Current Fund
 Schedule of Tax Title Liens Receivable
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 130,866.99
Increased by:		
Interest and Costs from th October 19, 2017 Tax Sale	\$ 50.54	
Transfers from Taxes Receivable	<u>21,993.61</u>	<u>22,044.15</u>
		152,911.14
Decreased by:		
Collected		<u>7,385.23</u>
Balance December 31, 2017		<u><u>\$ 145,525.91</u></u>

Schedule of Property Acquired for Taxes
 For the Year Ended December 31, 2017

Balance December 31, 2017 and 2016		<u><u>\$ 1,050,325.00</u></u>
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TOWNSHIP OF SHAMONG
Current Fund
Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	Accrued in <u>2017</u>	Collected By <u>Treasurer</u>	Balance <u>Dec. 31, 2017</u>
Alcoholic Beverage Licenses	\$ -	\$ 2,611.00	\$ 2,611.00	\$ -
Municipal Court - Fines and Costs	2,563.09	44,494.68	45,026.27	2,031.50
Interest and Costs on Taxes		64,203.71	64,203.71	
Interest on Investments and Deposits		62,400.15	62,400.15	
Mobile Home Fees		35,844.00	35,844.00	
Energy Receipts Tax		470,649.00	470,649.00	
Garden State Preservation Trust		112,346.00	112,346.00	
Uniform Construction Code		94,171.00	94,171.00	
Shared Service Agreements:				
Tax Assessor - Tabernacle Township		35,651.88	35,651.88	
Tax Assessor - Burlington Township		71,449.36	71,449.36	
Construction Code, Building and Zoning Southampton Township		81,029.00	81,029.00	
Total	<u>\$ 2,563.09</u>	<u>\$ 1,074,849.78</u>	<u>\$ 1,075,381.37</u>	<u>\$ 2,031.50</u>

TOWNSHIP OF SHAMONG
Current Fund
Statement of 2017 Appropriation Reserves
For the Year Ended December 31, 2017

	BALANCE 12/31/16	Balance After Transfers	Reserve for Encumbrances	Paid or Charged	Balance Lapsed
Operations Within "CAPS":					
General Government Functions:					
Salaries and Wages - No Change	\$ 69,080.08	\$ 69,080.08	\$ -	\$ -	\$ 69,080.08
Other Expenses					
General Administration	14,122.40	14,122.40	1,360.59	1,360.59	14,122.40
Mayor and Committee	2,889.01	2,889.01	25.00	25.00	2,889.01
Municipal Clerk	13,393.92	13,393.92	171.32	171.32	13,393.92
Financial Administration	3,416.36	3,416.36	231.50	231.50	3,416.36
Audit Services	1,100.00	1,100.00			1,100.00
Revenue Administration (Tax Collection)	4,893.77	4,893.77	285.28	285.26	4,893.77
Tax Assessment Administration	2,879.33	2,879.33		1,325.18	1,554.15
Interest on Appeals	100.00	100.00			100.00
Legal Services & Costs	28,768.03	28,768.03	1,465.00	3,169.00	27,064.03
Engineering Services & Costs	8,708.25	8,708.25	18,121.06	13,496.05	13,333.26
Joint Land Use Administration (Planning Board)	8,187.80	8,187.80	490.00	490.00	8,187.80
Environmental Control	1,000.00	1,000.00			1,000.00
Rent Control	3,186.36	3,186.36		2,443.50	742.86
Liability Insurance	7,660.90	7,660.90			7,660.90
Workers Compensation	14,689.16	14,689.16			14,689.16
Employee Group Insurance	62,295.38	62,295.38	300.04	300.04	62,295.38
Other Insurance Premiums	12,243.00	12,243.00		49.50	12,193.50
Office of Emergency Management	16,182.87	16,182.87			16,182.87
Aid to Volunteer Fire Companies			12,250.00	12,250.00	
Aid to Volunteer Ambulance Companies			8,750.00	8,750.00	
Municipal Prosecutor	500.00	500.00			500.00
Streets & Roads Maintenance	280,960.24	280,960.24	2,553.71	2,526.60	280,987.35
Recycling Program	5,000.00	5,000.00			5,000.00
Buildings & Grounds	6,171.14	6,171.14	2,461.21	1,643.55	6,988.80
War Memorial	1,500.00	1,500.00			1,500.00
Board of Health	1,652.80	1,652.80			1,652.80
Animal Control	7,145.00	7,145.00	245.00	490.00	6,900.00
Maintenance of Parks	6,952.00	6,952.00			6,952.00
Maintenance of Lake	13,500.00	13,500.00			13,500.00
Electricity	9,095.27	9,095.27	974.28	1,266.43	8,803.12
Street Lights	3,504.45	3,504.45			3,504.45
Telephone	2,137.72	2,137.72			2,137.72
Natural Gas	4,572.00	4,572.00			4,572.00
Telecommunications	905.20	905.20			905.20
Gasoline/Diesel	13,272.02	13,272.02	189.00	189.00	13,272.02
Construction Official	5,191.99	5,191.99	44.94	44.94	5,191.99
Public Defender	500.00	500.00			500.00
Municipal Court	1,031.01	1,031.01	7,539.90	7,760.09	810.82
Contingent	6,500.00	6,500.00			6,500.00
Total Operations Including Contingent	644,887.46	644,887.46	57,457.81	58,267.55	644,077.72
Deferred Charges and Statutory Expenditures-					
 Municipal - Within "CAPS"					
Defined Contribution Retirement Plan	982.05	982.05			982.05
Social Security System (O.A.S.I.)	2,625.65	2,625.65			2,625.65
Total General Appropriations					
For Municipal Purposes Within "CAPS"	648,495.16	648,495.16	57,457.81	58,267.55	647,685.42
GENERAL APPROPRIATIONS:					
Operations Excluded from "CAPS"					
L.O.S.A.P.	11,670.00	11,670.00			11,670.00
 Interlocal Municipal Service Agreements:					
Construction Code, Building & Zoning -Salaries	3,546.76	3,546.76			3,546.76
Construction Code, Building and Zoning - OE	9,333.00	9,333.00			9,333.00
Tax Assessor - Salaries	1,564.29	1,564.29			1,564.29
Tax Assessor - Other Expenses	8,000.00	8,000.00			8,000.00
Total Other Operations Excluded From "CAPS":	34,114.05	34,114.05			34,114.05
Total General Appropriations	\$ 682,609.21	\$ 682,609.21	\$ 57,457.81	\$ 58,267.55	\$ 681,799.47
Cash Disbursed				\$ 58,267.55	

TOWNSHIP OF SHAMONG
Current Fund
Schedule of Tax Overpayments
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 35,741.47
Increased by:		
Collected		<u>85,774.23</u>
Subtotal		121,515.70
Decreased by:		
Refunds	\$ 13,644.14	
Overpayments Applied	<u>35,741.47</u>	<u>49,385.61</u>
Balance December 31, 2017		<u><u>\$ 72,130.09</u></u>

EXHIBIT A-13

Schedule of Prepaid Taxes
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 127,224.45
Increased by:		
Collected		<u>881,650.16</u>
Subtotal		1,008,874.61
Decreased by:		
Applied to 2017 Taxes		<u>127,224.45</u>
Balance December 31, 2017		<u><u>\$ 881,650.16</u></u>

TOWNSHIP OF SHAMONG
Current Fund
Schedule of Local District School Taxes Payable
For the Year Ended December 31, 2017

<hr/>		
Balance December 31, 2016		
School Tax Payable	\$ 3,318,179.50	
School Tax Deferred	<u>1,465,234.00</u>	\$ 4,783,413.50
Increased by:		
Levy: School Year July 1, 2017 to June 30, 2018		<u>10,018,910.00</u>
Subtotal		14,802,323.50
Decreased by:		
Payments		<u>9,780,110.98</u>
Balance December 31, 2017		
School Tax Payable	3,556,978.52	
School Tax Deferred	<u>1,465,234.00</u>	<u>\$ 5,022,212.52</u>
2017 Liability for Local District School Tax:		
Tax Paid		\$ 9,780,110.98
Tax Payable December 31, 2017		<u>3,556,978.52</u>
Subtotal		13,337,089.50
Less:		
Tax Payable December 31, 2016		<u>3,318,179.50</u>
Amount Charged to 2017 Operations		<u>\$ 10,018,910.00</u>

TOWNSHIP OF SHAMONG
Current Fund
 Schedule of Regional High School Taxes Payable
 For the Year Ended December 31, 2017

<hr/>		
Balance December 31, 2016		
School Tax Payable	\$ 1,919,399.81	
School Tax Deferred	<u>629,662.00</u>	\$ 2,549,061.81
Increased by:		
Levy: School Year July 1, 2017 to June 30, 2018		<u>5,176,943.00</u>
Subtotal		7,726,004.81
Decreased by:		
Payments		<u>5,135,800.46</u>
Balance December 31, 2017		
School Tax Payable	1,960,542.35	
School Tax Deferred	<u>629,662.00</u>	<u>\$ 2,590,204.35</u>
2017 Liability for Regional High School Tax:		
Tax Paid		\$ 5,135,800.46
Tax Payable December 31, 2017		<u>1,960,542.35</u>
Subtotal		7,096,342.81
Less:		
Tax Payable December 31, 2016		<u>1,919,399.81</u>
Amount Charged to 2017 Operations		<u>\$ 5,176,943.00</u>

TOWNSHIP OF SHAMONG
Current Fund
 Schedule of County Taxes Payable
 For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 4,013.60
Increased by:		
2017 Levy:		
General County	\$ 2,350,812.05	
County Library	217,247.57	
County Open Space	280,147.94	
Added and Omitted Taxes	<u>8,684.31</u>	
		<u>2,856,891.87</u>
Subtotal		2,860,905.47
Decreased by:		
Payments		<u>2,852,221.16</u>
Balance December 31, 2017		<u><u>\$ 8,684.31</u></u>

TOWNSHIP OF SHAMONG
Current Fund
 Schedule of Due to State of NJ - UCC Fees
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$	3,368.00
Increased by:		
State Portion of UCC Fees		5,840.00
		9,208.00
Decreased by:		
Disbursements		7,413.00
		7,413.00
Balance December 31, 2017	\$	1,795.00

Schedule of Due to State of New Jersey
 for Marriage License Fees
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$	200.00
Increased by:		
State Portion of 2017 Marriage Licenses Fees		875.00
		875.00
Subtotal		1,075.00
Decreased by:		
Disbursed to State of New Jersey		875.00
		875.00
Balance December 31, 2017	\$	200.00

TOWNSHIP OF SHAMONG
Federal and State Grant Fund
 Schedule of Federal and State Grants Receivable
 For the Year Ended December 31, 2017

	Balance Dec. 31, 2016	Accrued	Received	Transfer to Unappropriated Reserves	Canceled	Balance Dec. 31, 2017
State Grants:						
Clean Communities	\$ -	\$ 19,560.98	\$ 19,560.98	-	-	\$ -
Municipal Alcohol Education/Rehabilitation						
Recycling Tonnage Grant	49,210.00	2,593.45	6,333.61	3,740.16	879.86	-
NJDOT Forked Neck Road	220,000.00		48,330.14			-
NJDOT Oak Shade Road	150,000.00		152,925.00			67,075.00
Burlington County Memorial Park Grant - 2016						150,000.00
Burlington County Memorial Park Grant						-
Subtotal - State Grants	<u>419,210.00</u>	<u>22,154.43</u>	<u>227,149.73</u>	<u>3,740.16</u>	<u>879.86</u>	<u>217,075.00</u>
Total	<u>\$ 419,210.00</u>	<u>\$ 22,154.43</u>	<u>\$ 227,149.73</u>	<u>\$ 3,740.16</u>	<u>\$ 879.86</u>	<u>\$ 217,075.00</u>

TOWNSHIP OF SHAMONG
Federal and State Grant Fund
 Schedule of Reserve For Federal and State Grants - Unappropriated
 For the Year Ended December 31, 2017

	<u>Balance Dec. 31, 2016</u>	<u>Federal and State Grant Receivable</u>	<u>Realized as Revenue In 2017</u>	<u>Balance Dec. 31, 2017</u>
State Grants:				
Recycling Tonnage Grant	\$ -	\$ 3,740.16	\$ -	\$ 3,740.16
Total	<u>\$ -</u>	<u>\$ 3,740.16</u>	<u>\$ -</u>	<u>\$ 3,740.16</u>

TRUST FUND

TOWNSHIP OF SHAMONG
Trust Fund
Statement of Cash - Treasurer
For the Year Ended December 31, 2017

	Animal Control	Total Other Trust Funds	Recreation Fund	S.T.A.S.A. Municipal Alliance	Public Defender	Open Space Trust	Multi - Escrow Account	Unemployment Compensation	Payroll Fund	Accumulated Absences
Balance December 31, 2016	\$ 7,734.02	\$ 901,547.67	\$ 6,522.03	\$ 7,659.23	\$ 629.47	\$ 812,130.61	\$ 19,400.45	\$ 19,135.11	\$ 5,066.46	\$ 31,004.31
Receipts:										
Dog License Fees:										
Municipal Licenses	2,428.80									
State Registration Fees	583.20									
Prepaid Licenses	20.00									
Municipal Alliance										
Unemployment Compensation								1,067.02		
Public Defender Fees				2,805.50						
Open Space Trust					133,007.64					
Multi Escrows							17,029.76			
Net Payroll									420,587.73	
Payroll Deductions									322,664.05	
Accumulated Absences										1,000.00
Due to Current Fund	75.64		54.08	63.51	13.09	5,202.57	37.13	163.48		194.68
Interest Earned										
Total Receipts	3,107.64	903,890.24	54.08	63.51	2,818.59	138,210.21	17,066.89	1,230.50	743,251.78	1,194.68
Disbursements:										
Expenditures Under RS4:19-15.11	1,088.00									
State Registration Fees	586.80									
Due from State of New Jersey										
Unemployment Claims										
Open Space Trust										
Multi Escrows							16,634.04			
Public Defender Fees				2,885.20						
Net Payroll									420,587.73	
Payroll Deductions Payable									323,172.09	
Accumulated Absences										10,000.00
Due to Current Fund	389.77									
Total Disbursements	2,064.57	1,248,379.76	-	-	2,885.20	474,351.96	16,634.04	748.74	743,759.82	10,000.00
Balance December 31, 2017	\$ 8,777.09	\$ 557,058.15	\$ 6,576.11	\$ 7,722.74	\$ 562.86	\$ 475,988.66	\$ 19,833.30	\$ 19,616.87	\$ 4,558.42	\$ 22,198.99

TOWNSHIP OF SHAMONG
Trust Fund
 Statement of Reserve for Animal Control Expenditures
 For the Year Ended December 31, 2017

Balance (Deficit) December 31, 2016		\$ 7,316.80
Increased by:		
2017 Dog License Fees Collected	\$ 2,428.80	
Prepaid Applied	35.20	
		2,464.00
Total		9,780.80
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash disbursed	1,088.00	
Statutory Excess - Due to Current Fund	2,793.60	
		3,881.60
Balance (Deficit) December 31, 2017		\$ 5,899.20

LICENSE FEES COLLECTED

<u>Year</u>	<u>Amount</u>
2015	\$ 3,318.80
2016	2,580.40
	\$ 5,899.20

TOWNSHIP OF SHAMONG
Trust - Other Funds
Statement of Reserve for Unemployment Compensation
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 19,210.27
Increased by:		
Employee Withholdings	\$ 1,166.47	
Interest Earned	<u>163.48</u>	<u>1,329.95</u>
Subtotal		20,540.22
Decreased by:		
Claims Paid		<u>823.90</u>
Balance December 31, 2017		<u><u>\$ 19,716.32</u></u>

EXHIBIT B-4

Statement of Reserve for Recreation Escrows
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 6,522.03
Increased by:		
Interest Earned		<u>54.08</u>
Subtotal		6,576.11
Decreased by:		
Disbursements		<u> </u>
Balance December 31, 2017		<u><u>\$ 6,576.11</u></u>

TOWNSHIP OF SHAMONG
Trust - Other Funds
 Schedule of Reserve for S.T.A.S.A. - Municipal Alliance
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$	7,659.23
Increased by:		
Interest Earned		63.51
		63.51
Balance December 31, 2017	\$	7,722.74

EXHIBIT B-6

Statement of Reserve for Public Defender Fees
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$	629.47
Increased by:		
Public Defender Fees	\$	2,805.50
Interest Earned		13.09
		2,818.59
Subtotal		3,448.06
Decreased by:		
Cash Disbursements		2,885.20
		2,885.20
Balance December 31, 2017	\$	562.86

TOWNSHIP OF SHAMONG
Trust - Other Funds
Statement of Reserve for Open Space Trust
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 812,318.02
Increased by:		
Open Space Tax Levy	\$ 132,766.60	
Added Taxes	405.48	
Miscellaneous	53.63	
Interest Earned	5,202.57	138,428.28
Subtotal		950,746.30
Decreased by:		
Cash Disbursements		474,351.96
Balance December 31, 2017		\$ 476,394.34

EXHIBIT B-8

Statement of Reserve for Tax Sale Premiums
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 23,800.00
Increased by:		
Tax Sale Premiums		105,500.00
Subtotal		129,300.00
Decreased by:		
Disbursements		
Balance December 31, 2017		\$ 129,300.00

TOWNSHIP OF SHAMONG
Trust - Other Funds
Statement of Reserve for Multi - Escrows
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 19,400.45
Increased by:		
Escrow Deposits	\$ 17,029.76	
Interest Earned	37.13	17,066.89
Subtotal		36,467.34
Decreased by:		
Disbursements		16,634.04
Balance December 31, 2017		\$ 19,833.30

EXHIBIT B-10

Statement of Reserve for Accumulated Absences
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 31,004.31
Increased by:		
Escrow Deposits	\$ 1,000.00	
Interest Earned	194.68	1,194.68
Subtotal		32,198.99
Decreased by:		
Disbursements		10,000.00
Balance December 31, 2017		\$ 22,198.99

TOWNSHIP OF SHAMONG
Trust - Other Funds
 Statement of Reserve for POAA
 For the Year Ended December 31, 2017

Balance December 31, 2016 and 2017	\$ <u>500.00</u>
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EXHIBIT B-12

Statement of Reserve for Professional Escrows
 For the Year Ended December 31, 2017

Balance December 31, 2016 and 2017	\$ <u>52,624.00</u>
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EXHIBIT B-13

Statement of Payroll Deductions Payable
 For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 4,991.30
Increased by:	
Payroll Deductions Withheld	<u>322,739.21</u>
	327,730.51
Decreased by:	
Payroll Deductions Disbursed	<u>323,271.54</u>
Balance December 31, 2017	<u>\$ 4,458.97</u>

GENERAL CAPITAL FUND

TOWNSHIP OF SHAMONG
General Capital Fund
Schedule of Cash - Treasurer
For the Year Ended December 31, 2017

Balance December 31, 2016		\$ 407,024.23
Receipts:		
Bond Anticipation Notes	\$ 1,033,250.00	
Due To Current Fund	2,556.92	
Total Receipts	<u>1,035,806.92</u>	<u>1,035,806.92</u>
Subtotal		1,442,831.15
Disbursements:		
Bond Anticipation Notes	1,033,250.00	
Due to Current Fund	2,556.92	
Improvement Authorizations	<u>112,998.57</u>	<u>1,148,805.49</u>
Balance December 31, 2017		<u>\$ 294,025.66</u>

TOWNSHIP OF SHAMONG
General Capital Fund
 Analysis of General Capital Cash and Investments
 For the Year Ended December 31, 2017

Capital Improvement Fund	\$ 38,747.00
Down Payment on Capital Improvements	200.00
Fund Balance	91,917.56
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
2011-07 Improvements to Municipal Building	37,767.98
2016-06 2016 Road Program	125,393.12
Total	\$ 294,025.66

TOWNSHIP OF SHAMONG
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2017

Balance December 31, 2016	\$ 183,381.77
Decreased By:	
Green Trust Loan Principal Paid	<u>15,062.26</u>
Balance December 31, 2017	<u><u>\$ 168,319.51</u></u>

TOWNSHIP OF SHAMONG

General Capital Fund

Statement of 1989 Green Trust Loan Payable
For the Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Loan Outstanding December 31, 2017	Interest Rate	Balance	
					Dec. 31, 2016	Dec. 31, 2017
Dingletown II Recreation Area	05/01/94	\$ 3,000,000.00	\$ 7,644.28	2.00%	\$ 183,381.77	\$ 168,319.51
	07/29/18		7,720.73	2.00%		
	01/29/19		7,797.93	2.00%		
	07/29/19		7,875.91	2.00%		
	01/29/20		7,954.67	2.00%		
	07/29/20		8,034.22	2.00%		
	01/29/21		8,114.56	2.00%		
	07/29/21		8,195.71	2.00%		
	01/29/22		8,277.66	2.00%		
	07/29/22		8,360.44	2.00%		
	01/29/23		8,444.04	2.00%		
	07/29/23		8,528.49	2.00%		
	01/29/24		8,613.77	2.00%		
	07/29/24		8,699.91	2.00%		
	01/29/25		8,786.91	2.00%		
	07/29/25		8,874.78	2.00%		
	01/29/26		8,963.52	2.00%		
	07/29/26		9,053.16	2.00%		
	01/29/27		9,143.69	2.00%		
	07/29/27		9,235.13	2.00%		
					\$ -	\$ 15,062.26
					\$ 183,381.77	\$ 168,319.51

TOWNSHIP OF SHAMONG
 General Capital Fund
 Schedule of Improvement Authorizations
 For the Year Ended December 31, 2017

2017 AUTHORIZATIONS

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2016		Capital Improvement Fund	Deferred Charges To Future Taxation - Unfunded	Paid or Charged	Canceled	Balance December 31, 2017	
				Funded	Unfunded					Funded	Unfunded
2011-07	Improvements to Municipal Building	07/05/11	150,000.00	\$ 37,767.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,767.98	\$ -
2016-06	2016 Road Program	06/14/16	1,000,000.00		238,391.69			186,884.65			51,507.04
	Total			\$ 37,767.98	\$ 238,391.69	\$ -	\$ -	\$ 186,884.65	\$ -	\$ 37,767.98	\$ 51,507.04
	Cash Disbursed							\$ 112,998.57			
	Encumbrances Payable							73,886.08			
	Total							\$ 186,884.65			

TOWNSHIP OF SHAMONG
General Capital Fund
Schedule of Capital Improvement Fund
For the Year Ended December 31, 2017

Balance December 31, 2016 and 2017

\$ 38,747.00

TOWNSHIP OF SHAMONG

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2017

TOWNSHIP OF SHAMONG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
1) Material weaknesses identified?	<u> </u>	yes	<u> X </u> no
2) Were reportable conditions identified that were not considered to be material weaknesses?	<u> </u>	yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u>	yes	<u> X </u> no

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

TOWNSHIP OF SHAMONG
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Findings Identified,

TOWNSHIP OF SHAMONG
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Schedule of Federal Awards and State Financial Assistance
Findings and 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

TOWNSHIP OF SHAMONG
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

There were no financial statement findings in the prior year.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

TOWNSHIP OF SHAMONG

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

<u>Name</u>	<u>Title</u>	<u>Amount of Coverage</u>	<u>Name Of Surety</u>
Timothy Gimbel	Mayor	*	(A)
Michael DiCroce	Deputy Mayor	*	(A)
Michael Cooney	Committeeman	*	(A)
Sean Gray	Committeeman	*	(A)
Martin Mozitis	Committeeman	*	(A)
Christina Chambers	Chief Financial Officer	\$1,000,000.00	(A)
Susan Onorato	Administrator/Municipal Clerk	*	(A)
Kathryn Taylor	Tax Collector	\$1,000,000.00	(A)
Joanne Robertson	Deputy Clerk	\$1,000,000.00	(A)
Catherine Jezzi	Court Administrator	\$1,000,000.00	(A)
Richard Andronici	Magistrate	*	(A)
Edward Toussaint	Building Sub-Code Official	*	(A)
	Construction Official	*	(A)
Patricia Coucoules	Construction Control Person	*	(A)
John Holroyd	Plumbing Sub-Code Official	*	(A)
	Fire Sub-Code Official	*	(A)
	Electrical Sub-Code Official	*	(A)
Douglas Heinold	Solicitor		
Dante Guzzi	Engineer		

(A) All Officials & Employees are covered under Blanket Coverage with the Burlington County Joint Insurance Fund.

ACKNOWLEDGMENT

I express my appreciation for the assistance and courtesies extended to the audit team by the Township Officials during the course of the audit.

Respectfully submitted,

INVERSO & STEWART, LLC

A handwritten signature in black ink, appearing to read 'RPA', is positioned above the printed name.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

May 31, 2018