

**STILLWATER TOWNSHIP
SCHOOL DISTRICT**

**Stillwater Township Board of Education
Stillwater, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

STILLWATER TOWNSHIP SCHOOL DISTRICT

Stillwater, New Jersey

For the Fiscal Year Ended June 30, 2010

**Prepared by
Stillwater Township School District
Board of Education
Business Office**

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INTRODUCTORY SECTION

STILLWATER TOWNSHIP BOARD OF EDUCATION

P.O. BOX 12
904 STILLWATER ROAD
STILLWATER, NEW JERSEY 07875



TEL: (973) 383-8954 / FAX: (973) 383-1895

October 5, 2010

The Honorable President and Members
of the Board of Education
Stillwater Township School District
County of Sussex, NJ

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Stillwater Township School District (the "District") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Stillwater Township School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Township of Stillwater Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of education services appropriate to grades K through 6. These services include regular, vocational, and special education for disabled youngsters. The District completed the 2009-2010 school year with an average daily enrollment of 399, which is 8 students less than the prior year.

The Honorable President and Members
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The following details the changes in the student enrollment of the District over the last five years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2009-10	398.6	-2.04%
2008-09	406.9	1.14%
2007-08	402.3	0.12%
2006-07	401.8	-1.45%
2005-06	407.7	-0.29%

2) ECONOMIC CONDITION AND OUTLOOK: Stillwater Township continues to see little change in the economic character of the community. The rural nature of the municipality will be preserved by the current zoning ordinances. One 17-home development has been proposed in the Township. The school population should remain fairly consistent during the next year and may rise by approximately 13 students from the proposed development in future years. This information was taken from a recent demographic study.

3) MAJOR INITIATIVES: Stillwater School District undertook facility improvements during the 2009/10 fiscal year. An antiquated intercom system was replaced giving all phones in their classrooms and enhanced communication options. The shingles on the 1986 wing will be replaced as well.

A new Science Curriculum was written this year with funds dedicated to that effort. In-service opportunities were provided for staff in this and other disciplines as well and on employing differentiated instruction in the classroom.

ActivBoards accessories were purchased this year using federal grant monies and local funds. Twenty new computers were also purchased using federal grant monies for classrooms and offices to increase the number of computers available and replace antiquated equipment.

Students' performance on standardized assessments continues to be excellent with pupils scoring in the top 10 % of the state on the NJASK.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves of fund balance at June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", No. 1.

7) DEBT ADMINISTRATION: At June 30, 2010, the District has no debt outstanding.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents and fidelity bonds. The School Alliance Insurance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

The Honorable President and Members
of the Board of Education
Stillwater Township School District
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October 5, 2010

10) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Stillwater Township School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

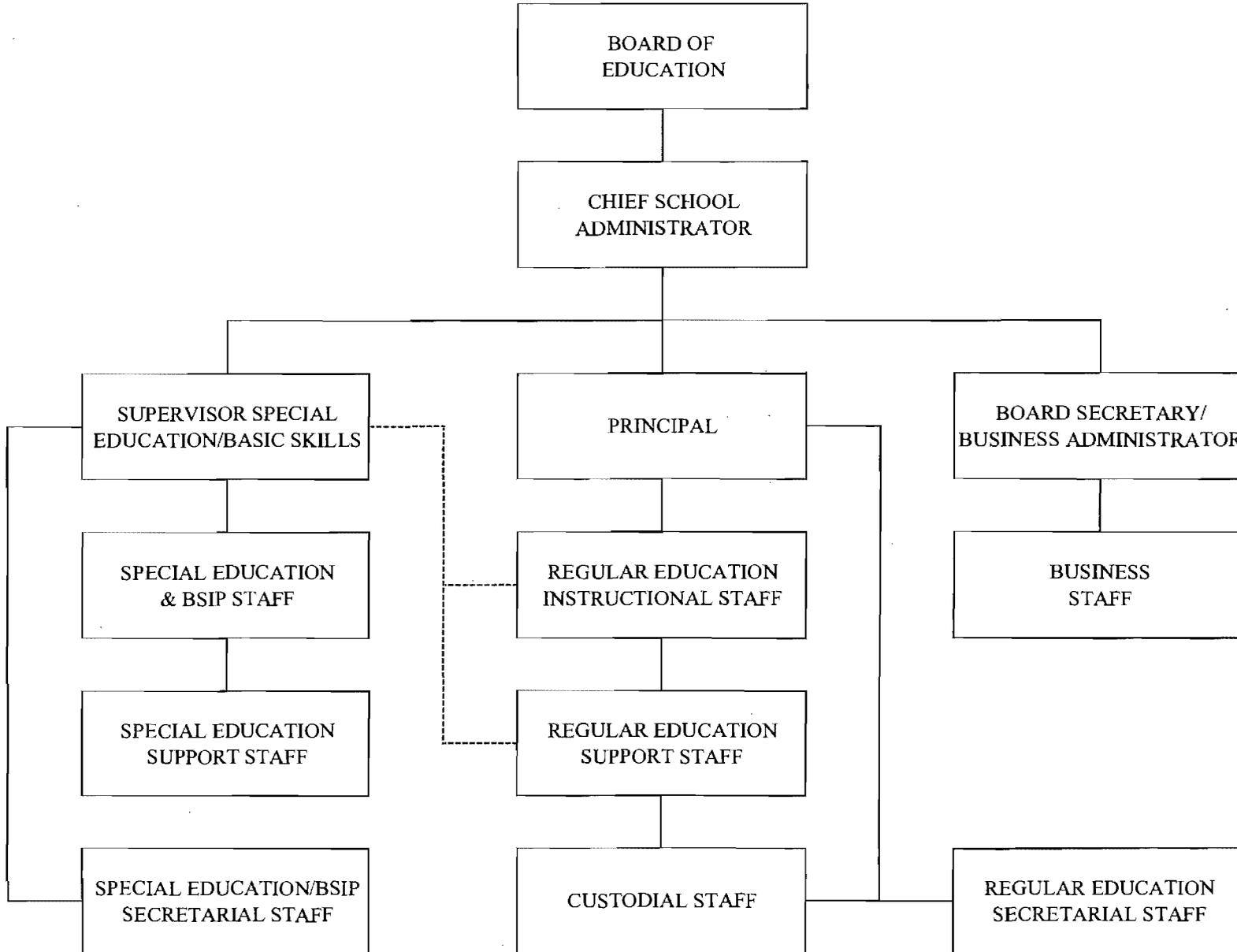


Superintendent



Business Administrator/Board Secretary

STILLWATER TOWNSHIP BOARD OF EDUCATION



**STILLWATER TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Robynn Meehan	President	2013
Danielle LoCascio	Vice President	2013
Dennis DeGroat	Member	2011
Michael Grace	Member	2012
Patricia Hendershot	Member	2013
Alan Jones	Member	2011
Shannon Nothstine	Member	2012
Suzanne Sarner	Member	2012
John Tracey	Member	2011

Other Officers

S. William Shelton	Superintendent/Chief School Administrator
Kathy Kane	Business Administrator/Board Secretary
Beth Barile	Treasurer of School Monies

**STILLWATER TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia & Company, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney (General Matters)

Schwartz, Simon, Edelstein, Celso & Kessler
PO Box 2355, 44 Whippany Rd., Suite 210
Morristown, NJ 07962-2355

Official Depositories

Lakeland Bank
250 Oak Ridge Road
Oak Ridge, NJ 07438

Valley National Bank
410 Route 94
Newton, NJ 07860

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Stillwater Township School District
 County of Sussex, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Stillwater Township School District in the County of Sussex as of and for the fiscal year ended June 30, 2010 which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Stillwater Township School District in the County of Sussex as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2010 on our consideration of the Board of Education of the Stillwater Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

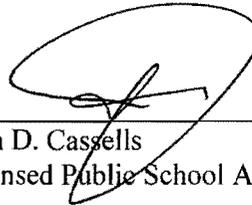
The Honorable President and Members
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The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

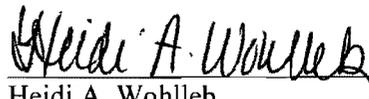
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Stillwater Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

October 5, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY, LLP



John D. Cassells
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

This section of Stillwater Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's overall financial status is strong, in spite of a loss of state aid of approximately \$378,000.
- Overall revenue was \$6.3 million.
- Actual revenue was more than expected, primarily in tuition.
- Enrollment in the District has remained near stable for the last several years.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of K-6 School District's Financial Report**

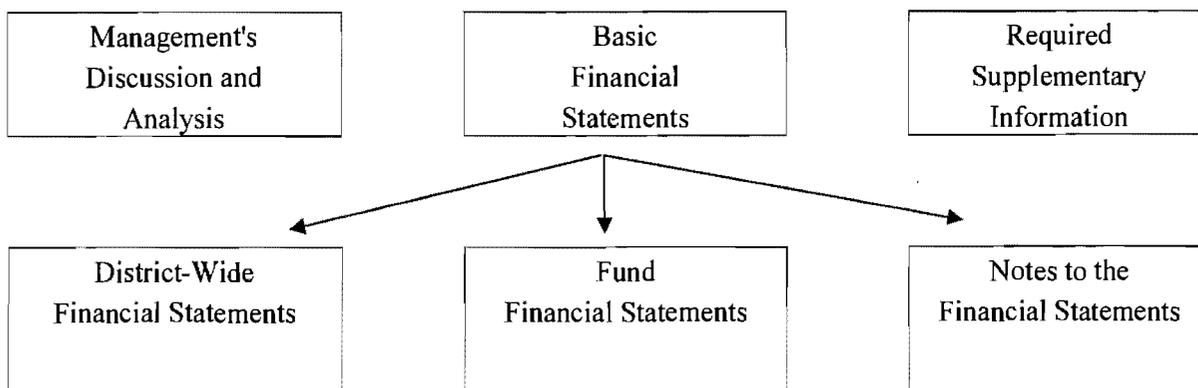


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets decreased by \$156,836. Net assets from governmental activities decreased by \$173,963 offset with an increase in net assets from business activities of \$17,127. Net assets invested in capital assets decreased by \$64,810, restricted net assets decreased by \$134,900, and unrestricted net assets increased by \$42,874.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	
Current and Other Assets	\$ 794,632	\$ 821,646	\$ 33,761	\$ 50,325	\$ 828,393	\$ 871,971	-5.00%
Capital Assets	1,577,626	1,644,211	36,857	35,082	1,614,483	1,679,293	-3.86%
Total Assets	<u>2,372,258</u>	<u>2,465,857</u>	<u>70,618</u>	<u>85,407</u>	<u>2,442,876</u>	<u>2,551,264</u>	-4.25%
Long-Term Debt Outstanding	251,364	282,012			251,364	282,012	-10.87%
Other Liabilities	24,831	11,950	2,444	34,360	27,275	46,310	-41.10%
Total Liabilities	<u>276,195</u>	<u>293,962</u>	<u>2,444</u>	<u>34,360</u>	<u>278,639</u>	<u>328,322</u>	-15.13%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	1,577,626	1,644,211	36,857	35,082	1,614,483	1,679,293	-3.86%
Restricted	724,152	859,052			724,152	859,052	-15.70%
Unrestricted/(Deficit)	<u>(205,715)</u>	<u>(233,237)</u>	<u>31,317</u>	<u>15,965</u>	<u>(174,398)</u>	<u>(217,272)</u>	19.73%
Total Net Assets	<u>\$ 2,096,063</u>	<u>\$ 2,270,026</u>	<u>\$ 68,174</u>	<u>\$ 51,047</u>	<u>\$ 2,164,237</u>	<u>\$ 2,321,073</u>	-6.76%

Change in Net Assets. The District's combined net assets were \$2,164,237 on June 30, 2010 or \$156,836 less than they were the year before. The increase in net assets invested in capital assets is due to capital additions of \$45,604 less depreciation expense of \$109,156 less net deletions of \$1,258. The decrease in restricted net assets of \$134,900 is due primarily to a decrease in encumbrances of \$77,156 and a decrease in total excess surplus of \$60,650. The increase in unrestricted net assets is due primarily to a decrease in compensated absences payable of \$30,648 in the governmental activities as well as the net cancellation of a prior year accounts payable and receivable of \$18,651 in the business-type activities.

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	Percentage Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 43,214	\$ 85,748	\$ 105,742	\$ 100,907	\$ 148,956	\$ 186,655	-20.20%
Operating Grants & Contributions	999,591	918,141	39,383	28,033	1,038,974	946,174	9.81%
General Revenue:							
Property Taxes	3,653,568	3,600,087			3,653,568	3,600,087	1.49%
Federal and State Aid	1,383,512	1,621,973			1,383,512	1,621,973	-14.70%
Other	11,296	34,581	18,651	1,661	29,947	36,242	-17.37%
Total Revenue	<u>6,091,181</u>	<u>6,260,530</u>	<u>163,776</u>	<u>130,601</u>	<u>6,254,957</u>	<u>6,391,131</u>	-2.13%
Expenses:							
Instruction	3,959,211	3,717,967			3,959,211	3,717,967	6.49%
Pupil and Instruction Services	678,038	716,557			678,038	716,557	-5.38%
Administrative and Business	715,706	659,989			715,706	659,989	8.44%
Maintenance and Operations	482,230	449,823			482,230	449,823	7.20%
Transportation	313,927	348,609			313,927	348,609	-9.95%
Other	116,032	50,189	146,649	136,914	262,681	187,103	40.39%
Total Expenses	<u>6,265,144</u>	<u>5,943,134</u>	<u>146,649</u>	<u>136,914</u>	<u>6,411,793</u>	<u>6,080,048</u>	5.46%
Increase/(Decrease) in Net Assets	<u>\$ (173,963)</u>	<u>\$ 317,396</u>	<u>\$ 17,127</u>	<u>\$ (6,313)</u>	<u>\$ (156,836)</u>	<u>\$ 311,083</u>	

Revenue Sources. The District's total revenue for the 2009/2010 school year was \$6,254,957, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$3,653,568 of the total, or 58.41 percent. (See Figure A-5). Approximately 38.73 percent came from state and federal aid and the remainder from miscellaneous sources.

Figure A-5
Sources of School District Revenue - Fiscal Year 2010

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 1,476,149	23.60%
Property Taxes	3,653,568	58.41%
Federal and State Categorical Grants	946,337	15.13%
Charges for Services	148,956	2.38%
Other	29,947	0.48%
	<u>\$ 6,254,957</u>	<u>100.00 %</u>

The total cost of all programs and services was \$6,411,793. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.22 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 18.68 percent of total costs. The most significant contributors to the high costs of Maintenance and Operations were higher electric and fuel costs. It is important to remember that \$109,156 in depreciation is included in expenses for the year.

Figure A-6
Sources of School District Expenses - Fiscal Year 2010

Expense Category:	Amount	Percentage
Instruction	\$ 3,959,211	61.75%
Pupil and Instruction Services	678,038	10.57%
Administrative and Business	715,706	11.16%
Maintenance and Operations	482,230	7.52%
Transportation	313,927	4.90%
Other	262,681	4.10%
	\$ 6,411,793	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains strong overall despite a loss of state aid of approximately \$378,000. Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Participation in an insurance pool operated by Public Entity Group Administrative Services resulting in low cost property, liability and workers compensation insurance.
- Participation in Joint Transportation Agreements.
- Shared Preschool Handicapped Class with another school district
- Participation in joint purchasing agreements.
- Shared services of LDTC
- Shared Curriculum Coordinator

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial obligation placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2009/2010	2008/2009	2009/2010	2008/2009
Instruction	\$ 3,959,211	\$ 3,717,967	\$ 3,044,434	\$ 2,929,960
Pupil and Instruction Services	678,038	716,557	675,292	644,137
Administrative and Business	715,706	659,989	692,203	641,045
Maintenance and Operations	482,230	449,823	482,230	449,823
Transportation	313,927	348,609	212,148	224,091
Other	116,032	50,189	116,032	50,189
	<u>\$ 6,265,144</u>	<u>\$ 5,943,134</u>	<u>\$ 5,222,339</u>	<u>\$ 4,939,245</u>

- The cost of all governmental activities this year was \$6.27 million
- The federal and state governments subsidized certain programs with grants and contributions of \$2.38 million.
- Approximately \$3.65 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity increased by \$17,127, (Refer to Figure A-4). The most significant factors contributing to this increase was the cancellation of a prior year account payable and receivable of a net amount of \$18,261.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite significant changes in the student clientele and difficult economic times. Expenditures during the recent year increased significantly as a result of an increased number of pupils with disabilities entering the school District. In addition to greater numbers, these pupils are more profoundly disabled and require more complex educational and related services.

A continued increase in enrollment of disabled students has also forced the District to expand its classroom teaching staff, special education aides and special transportation. The cost of these additional teachers, and special education aides, however, has largely been offset by salary reductions realized from the retirement of a significant number of veteran staff. Fringe benefit costs for all staff have increased dramatically in the past several years.

These factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District amended the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	
Land	\$ 180,000	\$ 180,000			\$ 180,000	\$ 180,000	0.00%
Site Improvements	61,064	68,933			61,064	68,933	-11.42%
Buildings and Building Improvements	1,138,078	1,166,184			1,138,078	1,166,184	-2.41%
Machinery and Equipment	198,484	229,094	\$ 36,857	\$ 35,082	235,341	264,176	-10.92%
Total Capital Assets	\$ 1,577,626	\$ 1,644,211	\$ 36,857	\$ 35,082	\$ 1,614,483	\$ 1,679,293	-3.86%

Long-term Debt

At year-end, the District had no general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage Change
	2009/2010	2008/2009	
Other Long-Term Liabilities	\$ 251,364	\$ 282,012	-10.87%

Compensated absences payable decreased by a net amount of \$30,648 due mainly to the retirements of District personnel.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future:

- A5 – known as School District Accountability. This new law, approved by the Governor on March 15, 2007 provides for various school district accountability measures.
- Tax Levy CAP of 2%. The new law establishes a 2% cap with exemptions in four areas – enrollment, healthcare, pension cost and debt service.
- A4 – known as CORE. This new law, approved by the Governor on April 3, 2007 implements CORE proposals and the primary focus of this new law is to establish uniform shared services and consolidation through the use of new “Executive County Superintendent”.
- Escalating healthcare benefit costs are a continued concern with increases of 25% and 8.5% for the 2008-09 and 2009-10 school years respectively.
- The ability of the state to arbitrarily reduce state aid during the school year along with reductions in state aid at budget time is another factor affecting our District's future. In the 2009-10 school year the state aid payments were reduced during the school year for excess surplus and reserve accounts in the amount of \$378,000.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Mrs. Kathy Kane, SBA/BS, at the Board of Education Office at P.O. Box, 904 Stillwater Road, Stillwater, NJ 07875.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 294,496	\$ 27,626	\$ 322,122
Interfund Receivable	27		27
Receivable from State Government	12,489	132	12,621
Receivable from Federal Government	122,024	1,789	123,813
Other Accounts Receivable	5,786		5,786
Inventories		4,214	4,214
Restricted Assets:			
Capital Reserve Account - Cash	359,810		359,810
Capital Assets:			
Sites (Land) and Construction in Progress	180,000		180,000
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	1,397,626	36,857	1,434,483
Total Assets	<u>2,372,258</u>	<u>70,618</u>	<u>2,442,876</u>
LIABILITIES			
Accounts Payable - Vendors	24,831		24,831
Deferred Revenue		2,444	2,444
Noncurrent Liabilities:			
Due Beyond One Year	251,364		251,364
Total Liabilities	<u>276,195</u>	<u>2,444</u>	<u>278,639</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,577,626	36,857	1,614,483
Restricted for:			
Capital Projects	377,783		377,783
Other Purposes	346,369		346,369
Unrestricted/(Deficit)	(205,715)	31,317	(174,398)
Total Net Assets	<u>\$ 2,096,063</u>	<u>\$ 68,174</u>	<u>\$ 2,164,237</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,996,887	\$ 43,214	\$ 417,973		\$ (2,535,700)		\$ (2,535,700)
Special Education	698,908		424,625		(274,283)		(274,283)
Other Instruction	240,024		28,965		(211,059)		(211,059)
School-Sponsored /Other Instruction	23,392				(23,392)		(23,392)
Support Services:							
Student & Instruction Related Services	678,038		2,746		(675,292)		(675,292)
General Administrative Services	330,206				(330,206)		(330,206)
School Administrative Services	205,989		23,503		(182,486)		(182,486)
Central Services	179,511				(179,511)		(179,511)
Plant Operations and Maintenance	482,230				(482,230)		(482,230)
Pupil Transportation	313,927		101,779		(212,148)		(212,148)
Unallocated Depreciation	69,961				(69,961)		(69,961)
Capital Outlay	4,334				(4,334)		(4,334)
Transfer to Charter School	41,737				(41,737)		(41,737)
Total Governmental Activities	6,265,144	43,214	999,591		(5,222,339)		(5,222,339)

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 146,649	\$ 105,742	\$ 39,383			\$ (1,524)	\$ (1,524)
Total Business-Type Activities	146,649	105,742	39,383			(1,524)	(1,524)
Total Primary Government	<u>\$ 6,411,793</u>	<u>\$ 148,956</u>	<u>\$ 1,038,974</u>	<u>\$ -0-</u>	<u>\$ (5,222,339)</u>	<u>\$ (1,524)</u>	<u>\$ (5,223,863)</u>
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 3,653,568		\$ 3,653,568
Federal and State Aid not Restricted					1,383,512		1,383,512
Interest					2,582	\$ 390	2,972
Miscellaneous Income					8,714		8,714
Cancellation of Prior Year Accounts Receivable/Payable						18,261	18,261
Total General Revenue, Special Items & Transfers					<u>5,048,376</u>	<u>18,651</u>	<u>5,067,027</u>
Change in Net Assets					(173,963)	17,127	(156,836)
Net Assets - Beginning					<u>2,270,026</u>	<u>51,047</u>	<u>2,321,073</u>
Net Assets - Ending					<u>\$ 2,096,063</u>	<u>\$ 68,174</u>	<u>\$ 2,164,237</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

STILLWATER TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 276,523		\$ 17,973	\$ 294,496
Interfund Receivable	114,936			114,936
Receivables From Federal Government		\$ 122,024		122,024
Receivables From State Government	12,489			12,489
Other Receivables	5,786			5,786
Restricted Cash and Cash Equivalents	359,810			359,810
Total Assets	<u>\$ 769,544</u>	<u>\$ 122,024</u>	<u>\$ 17,973</u>	<u>\$ 909,541</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 17,716	\$ 7,115		\$ 24,831
Interfund Payable		114,909		114,909
Total Liabilities	<u>17,716</u>	<u>122,024</u>		<u>139,740</u>
Fund Balances:				
Reserved for:				
Encumbrances	5,288			5,288
Capital Reserve Account	359,810			359,810
Excess Surplus	43,563			43,563
Excess Surplus - Designated for Subsequent Year's Expenditures	297,518			297,518
Unreserved, Reported in:				
General Fund:				
Unreserved/Undesignated	45,649			45,649
Capital Projects			\$ 17,973	17,973
Total Fund Balances	<u>751,828</u>		<u>17,973</u>	<u>769,801</u>
Total Liabilities and Fund Balances	<u>\$ 769,544</u>	<u>\$ 122,024</u>	<u>\$ 17,973</u>	<u>\$ 909,541</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Total Fund Balances From Above	\$ 769,801
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$4,825,889 and the accumulated depreciation is \$3,248,263.	1,577,626
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(251,364)</u>
Net Assets of Governmental Activities	<u>\$ 2,096,063</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 3,653,568			\$ 3,653,568
Tuition	43,214			43,214
Interest Earned on Capital Reserve Funds	2,582			2,582
Unrestricted Miscellaneous	8,714			8,714
Total - Local Sources	3,708,078			3,708,078
State Sources	1,934,433			1,934,433
Federal Sources	198,639	\$ 250,031		448,670
Total Revenue	5,841,150	250,031		6,091,181
EXPENDITURES:				
Current:				
Regular Instruction	2,059,455	76,875		2,136,330
Special Education Instruction	372,530	173,156		545,686
Other Special Instruction	168,101			168,101
School Sponsored/Other Instruction	16,655			16,655
Support Services and Undistributed Costs:				
Student & Instruction Related Services	552,704			552,704
General Administrative Services	280,167			280,167
School Administrative Services	148,322			148,322
Central Services	151,265			151,265
Plant Operations and Maintenance	437,352			437,352
Pupil Transportation	313,927			313,927

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:				
Current: (Cont'd.)				
Support Services and Undistributed Costs: (Cont'd.)				
Allocated and Unallocated Benefits	\$ 1,396,215			\$ 1,396,215
Capital Outlay	40,746			40,746
Transfer of Funds to Charter Schools	41,737			41,737
Total Expenditures	<u>5,979,176</u>	<u>\$ 250,031</u>		<u>6,229,207</u>
Deficit of Revenue under Expenditures	(138,026)			(138,026)
Fund Balance—July 1	<u>889,854</u>		<u>\$ 17,973</u>	<u>907,827</u>
Fund Balance—June 30	<u>\$ 751,828</u>	<u>\$ - 0 -</u>	<u>\$ 17,973</u>	<u>\$ 769,801</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (138,026)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation and the disposal of assets with carrying value exceeded capital outlay in the period.

Depreciation expense	\$ (102,997)	
Disposal of Assets with Carrying Value	(1,258)	
Capital outlays	<u>37,670</u>	(66,585)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

<u>30,648</u>
<u><u>\$ (173,963)</u></u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 27,626
Intergovernmental Accounts Receivable:	
Federal	1,789
State	132
Inventories	<u>4,214</u>
Total Current Assets	<u>33,761</u>
Non-Current Assets:	
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	<u>36,857</u>
Total Non-Current Assets	<u>36,857</u>
Total Assets	<u>70,618</u>
LIABILITIES:	
Current Liabilities:	
Deferred Revenue	<u>2,444</u>
Total Current Liabilities	<u>2,444</u>
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	36,857
Unrestricted	<u>31,317</u>
Total Net Assets	<u><u>\$ 68,174</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 77,910
Daily Sales - Non-Reimbursable Programs	24,964
Special Events	2,868
	105,742
Total Operating Revenue	105,742
Operating Expenses:	
Cost of Sales	59,271
Salaries, Benefits & Payroll Taxes	65,948
Supplies, Insurance & Other Costs	7,809
Management Fee	7,462
Depreciation Expense	6,159
	146,649
Total Operating Expenses	146,649
Operating Loss	(40,907)
Non-Operating Income:	
Local Sources:	
Interest Income	390
State Sources:	
State School Lunch Program	2,175
Federal Sources:	
National School Lunch Program	30,134
Food Distribution Program	7,074
	39,773
Total Non-Operating Income	39,773
Change in Net Assets Before Other Items	(1,134)
Cancellation of Accounts Payable	31,286
Cancellation of Accounts Receivable	(13,025)
	17,127
Change in Net Assets	17,127
Net Assets - Beginning of Year	51,047
Net Assets - End of Year	\$ 68,174

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 105,742
Payments to Food Service Vendor	(127,189)
Payments to Other Vendors	(6,223)
Net Cash Used for Operating Activities	<u>(27,670)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	390
Net Cash Provided by Investing Activities	<u>390</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,183
Federal Sources:	
National School Lunch Program	29,965
Net Cash Provided by Noncapital Financing Activities	<u>32,148</u>
Cash Flows from Capital Financing Activities:	
Purchase of Equipment	(7,934)
Net Cash Used for Capital Financing Activities	<u>(7,934)</u>
Net Decrease in Cash and Cash Equivalents	(3,066)
Cash and Cash Equivalents, July 1	<u>30,692</u>
Cash and Cash Equivalents, June 30	<u>\$ 27,626</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (40,907)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	6,159
Food Distribution Program	7,074
Changes in Assets and Liabilities:	
Decrease in Inventory	634
(Increase) in Deferred Revenue	(630)
Net Cash Used for Operating Activities	<u>\$ (27,670)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$6,444 and utilized U.S.D.A. Commodities valued at \$7,074.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Agency	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	\$ 44,275	\$ 56,187
Total Assets	44,275	56,187
LIABILITIES:		
Interfund Payable - General Fund	27	
Due to Student Groups	10,913	
Payroll Deductions and Withholdings	33,335	
Total Liabilities	44,275	
NET ASSETS:		
Held in Trust for Unemployment Claims		56,187
Reserved for Scholarships		
Total Net Assets	\$ -0-	\$ 56,187

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 5,561
Board Contributions	<u>30,000</u>
Total Contributions	<u>35,561</u>
Investment Earnings:	
Interest	<u>273</u>
Net Investment Earnings	<u>273</u>
Total Additions	<u>35,834</u>
Deductions	
Unemployment Compensation Claims	<u>10,843</u>
Total Deductions	<u>10,843</u>
Change in Net Assets	24,991
Net Assets - Beginning of the Year	<u>31,196</u>
Net Assets - End of the Year	<u><u>\$ 56,187</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school located in the Township of Stillwater. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable to the District's operations.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,843,706	\$ 250,031
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	202,077	
State Aid Payments Recognized for Budgetary Purposes, not not Recognized for GAAP Statements	<u>(204,633)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 5,841,150</u>	<u>\$ 250,031</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 5,979,176</u>	<u>\$ 250,031</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 5,979,176</u>	<u>\$ 250,031</u>

E. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$500. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue and bond issuance costs and bond discounts as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees, who provide services to the District over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year; therefore, there are no accrued salaries and wages as of June 30, 2010.

N. Compensated Absences:

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

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

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

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$751,828 General Fund fund balance at June 30, 2010, \$5,288 is reserved for encumbrances; \$359,810 is reserved in the capital reserve account; \$297,518 is reserved as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2011; \$43,563 is reserved as current year excess surplus in accordance with N.J.S.A.18A:7F-7 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012 and \$45,649 is unreserved and undesignated which is \$204,633 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: The \$17,973 of Capital Projects Fund fund balance at June 30, 2010 is unreserved and undesignated.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as noted above.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit in Net Assets:

The \$205,715 deficit in unrestricted governmental activities net assets is due to \$251,364 in accrued compensated absences offset by the \$45,649 in unreserved/undesignated General Fund fund balance. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, a capital reserve and excess surplus as defined by State law.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

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

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve Account	Total
Checking Accounts	\$ 422,584	\$ 359,810	\$ 782,394
	<u>\$ 422,584</u>	<u>\$ 359,810</u>	<u>\$ 782,394</u>

During the period ended June 30, 2010, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2010, was \$782,394 and the bank balance was \$798,297.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution in October 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 356,904
Interest Earnings	2,906
Deposits:	
Return of Funds not Utilized in Budgeted Withdrawal	35,000
Disbursements:	
Budgeted Withdrawal	<u>(35,000)</u>
Ending Balance, June 30, 2010	<u>\$ 359,810</u>

The June 30, 2010 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the District's LRFP.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 180,000			\$ 180,000
Total Capital Assets Not Being Depreciated	<u>180,000</u>			<u>180,000</u>
Capital Assets Being Depreciated:				
Site Improvements	230,527			230,527
Buildings and Building Improvements	3,474,849	\$ 33,105		3,507,954
Machinery and Equipment	929,727	4,565	\$ (26,884)	907,408
Total Capital Assets Being Depreciated	<u>4,635,103</u>	<u>37,670</u>	<u>(26,884)</u>	<u>4,645,889</u>
Governmental Activities Capital Assets	<u>4,815,103</u>	<u>37,670</u>	<u>(26,884)</u>	<u>4,825,889</u>
Less Accumulated Depreciation for:				
Site Improvements	(161,594)	(7,869)		(169,463)
Buildings and Building Improvements	(2,320,033)	(49,843)		(2,369,876)
Machinery and Equipment	(689,265)	(45,285)	25,626	(708,924)
	<u>(3,170,892)</u>	<u>(102,997)</u>	<u>25,626</u>	<u>(3,248,263)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,644,211</u>	<u>\$ (65,327)</u>	<u>\$ (1,258)</u>	<u>\$ 1,577,626</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 101,966	\$ 7,934		\$ 109,900
Less Accumulated Depreciation	<u>(66,884)</u>	<u>(6,159)</u>		<u>(73,043)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,082</u>	<u>\$ 1,775</u>	<u>\$ -0-</u>	<u>\$ 36,857</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 28,903
School Administration	2,937
Plant Operations and Maintenance	1,196
Unallocated	<u>69,961</u>
	<u>\$ 102,997</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>
Compensated Absences Payable	\$ 282,012	\$ 4,929	\$ 35,577	\$ 251,364

A. Bonds Payable:

The District had no bonds outstanding as of June 30, 2010.

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2010, the Board had no capital leases payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. No portion of the compensated absences balance of the governmental funds at June 30, 2010 is currently payable; therefore, the long-term liability balance of compensated absences is \$251,364.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable.

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2010, the District made transfers to the capital outlay accounts for equipment which did not require the approval of the County Superintendent.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The State's on-behalf APC contributions to TPAF amounted to \$-0-, \$-0-, and \$467,803 for 2010, 2009 and 2008, respectively which represents 100% of its net pension obligation (NPO).

<u>Three-Year Trend for TPAF (Paid On-Behalf of District)</u>			
<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ -0-	100%	\$ -0-
2009	\$ -0-	100%	\$ -0-
2008	467,803	100%	467,803

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

<u>Three-Year Trend for PERS</u>			
<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ 34,718	100%	\$ 34,718
2009	29,958	100%	29,958
2008	22,761	80%	18,209

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009 there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$206,622, \$200,202, and \$234,029 for 2010, 2009 and 2008, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Stillwater Township School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Selected, summarized financial information for the Fund as of June 30, 2009 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 33,656,794
Net Assets	\$ 14,417,326
Total Revenue	\$ 28,042,089
Total Expenses	\$ 25,015,943
Change in Net Assets	\$ 3,026,146
Net Asset Distribution to Participating Members	\$ 3,005,614

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive, Suite B-40
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District's contributions, employee contributions and interest earned, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 30,000	\$ 273	\$ 5,561	\$ 10,843	\$ 56,187
2008-2009	-0-	460	5,352	217	31,196
2007-2008	-0-	506	4,991	119	25,601

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 114,936	
Special Revenue Fund		\$ 114,909
Fiduciary Fund		27
	<u>\$ 114,936</u>	<u>\$ 114,936</u>

The interfund receivable in the General Fund represents a cash deficit in the Special Revenue Fund due to a timing lag in the reimbursement of federal grant funds from the State as well as interest earned in the Fiduciary Fund not turned over at June 30, 2010.

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. DEFERRED COMPENSATION

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

AIG Valic
Equitable Life Assurance
Siracusa

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District estimates that the potential claims against it resulting from any litigation and not covered by insurance would not materially affect the financial statements of the District.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(Continued)

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

NOTE 16. PRIOR PERIOD ADJUSTMENT

The District adjusted the capital assets in the Governmental Activities as of June 30, 2009 to correct the amount of capital assets and the related accumulated depreciation on these assets. The restatement had a zero overall effect on Capital Assets, Net of Accumulated Depreciation in the Governmental Activities.

	<u>Balance 6/30/09</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/09</u> <u>as Restated</u>
Capital Assets Being Depreciated:			
Site Improvements	\$ 231,727	\$ (1,200)	\$ 230,527
Buildings and Building Improvements	3,435,899	38,950	3,474,849
Machinery and Equipment	1,026,501	(96,774)	929,727
Total Capital Assets Being Depreciated	<u>4,694,127</u>	<u>(59,024)</u>	<u>4,635,103</u>
Governmental Activities Capital Assets	<u>4,874,127</u>	<u>(59,024)</u>	<u>4,815,103</u>
Less Accumulated Depreciation for:			
Site Improvements	(162,794)	1,200	(161,594)
Buildings and Building Improvements	(2,269,715)	(50,318)	(2,320,033)
Machinery and Equipment	(797,407)	108,142	(689,265)
	<u>(3,229,916)</u>	<u>59,024</u>	<u>(3,170,892)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,644,211</u>	<u>\$ -0-</u>	<u>\$ 1,644,211</u>

BUDGETARY COMPARISON SCHEDULES

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 3,653,568		\$ 3,653,568	\$ 3,653,568	
Tuition	23,998		23,998	43,214	\$ 19,216
Interest Earned on Capital Reserve Funds	2,000		2,000	2,582	582
Unrestricted Miscellaneous	9,002		9,002	8,714	(288)
Total - Local Sources	<u>3,688,568</u>		<u>3,688,568</u>	<u>3,708,078</u>	<u>19,510</u>
State Sources:					
Equalization Aid	1,057,774	\$ (191,929)	865,845	765,290	(100,555)
Transportation Aid	159,016		159,016	103,360	(55,656)
Special Education Aid	195,219		195,219	195,219	
Categorical Security Aid	28,009		28,009	18,206	(9,803)
Adjustment Aid	606,267		606,267	394,074	(212,193)
Nonpublic Transportation				282	282
TPAF Non - Contributory Insurance (On-Behalf - Non-Budgeted)				11,001	11,001
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				206,622	206,622
TPAF Social Security (Reimbursed - Non-Budgeted)				242,935	242,935
Total State Sources	<u>2,046,285</u>	<u>(191,929)</u>	<u>1,854,356</u>	<u>1,936,989</u>	<u>82,633</u>
Federal Sources:					
Medicaid Reimbursement	2,091		2,091	6,710	4,619
Equalization Aid - ARRA ESF		184,776	184,776	184,776	
Equalization Aid - ARRA GSF		7,153	7,153	7,153	
Total Federal Sources	<u>2,091</u>	<u>191,929</u>	<u>194,020</u>	<u>198,639</u>	<u>4,619</u>
Total Revenues	<u>5,736,944</u>		<u>5,736,944</u>	<u>5,843,706</u>	<u>106,762</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 202,293	\$ 41,522	\$ 243,815	\$ 243,815	
Grades 1-5 - Salaries of Teachers	1,547,826	(109,693)	1,438,133	1,438,133	
Grades 6-8 - Salaries of Teachers	247,607	45,772	293,379	293,017	\$ 362
Regular Programs - Home Instruction:					
Salaries of Teachers		216	216	216	
Regular Programs - Undistributed Instruction:					
General Supplies	114,305	(20,596)	93,709	76,311	17,398
Textbooks	35,742	(9,500)	26,242	7,843	18,399
Other Objects	180		180	120	60
Total Regular Programs - Instruction	<u>2,147,953</u>	<u>(52,279)</u>	<u>2,095,674</u>	<u>2,059,455</u>	<u>36,219</u>
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	268,851	24,812	293,663	293,663	
General Supplies	1,000		1,000	335	665
Total Resource Room/Resource Center	<u>269,851</u>	<u>24,812</u>	<u>294,663</u>	<u>293,998</u>	<u>665</u>
Preschool Disabilities - Full Time:					
Salaries of Teachers	59,127		59,127	56,330	2,797
Other Salaries for Instruction	31,013	(8,813)	22,200	21,621	579
General Supplies	1,200	(1,000)	200	165	35
Total Preschool Disabilities - Full Time	<u>91,340</u>	<u>(9,813)</u>	<u>81,527</u>	<u>78,116</u>	<u>3,411</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Special Education - Instruction: (Cont'd)					
Home Instruction - Special Education:					
Salaries of Teachers		\$ 463	\$ 463	\$ 416	\$ 47
Total Home Instruction - Special Education		463	463	416	47
Total Special Education - Instruction	\$ 361,191	15,462	376,653	372,530	4,123
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	187,501	(5,000)	182,501	167,724	14,777
General Supplies	450		450	377	73
Total Basic Skills/Remedial - Instruction	187,951	(5,000)	182,951	168,101	14,850
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	16,350		16,350	15,900	450
Supplies and Materials	2,000		2,000	755	1,245
Transfers to Cover Deficit (Agency Funds)	2,000	(2,000)			
Total School-Sponsored Cocurricular Activities - Instruction	20,350	(2,000)	18,350	16,655	1,695
Total Instruction	2,717,445	(43,817)	2,673,628	2,616,741	56,887
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within State - Special	40,000	(23,737)	16,263		16,263
Total Undistributed Expenditures - Instruction	40,000	(23,737)	16,263		16,263

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Undistributed Expenditures: (Cont'd)					
Health Services:					
Salaries	\$ 69,571	\$ 1,615	\$ 71,186	\$ 69,584	\$ 1,602
Purchased Professional and Technical Services	3,300		3,300	3,276	24
Supplies and Materials	1,650	2,000	3,650	2,780	870
Other Objects	925		925	709	216
Total Health Services	<u>75,446</u>	<u>3,615</u>	<u>79,061</u>	<u>76,349</u>	<u>2,712</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	77,680		77,680	60,011	17,669
Purchased Professional - Educational Services	9,000	11,290	20,290	18,356	1,934
Supplies and Materials	350		350	169	181
Total Other Support Services - Students - Related Services	<u>87,030</u>	<u>11,290</u>	<u>98,320</u>	<u>78,536</u>	<u>19,784</u>
Other Support Services - Students - Extra. Services:					
Salaries	54,927	3,661	58,588	57,925	663
Total Other Support Services - Students - Extra. Services	<u>54,927</u>	<u>3,661</u>	<u>58,588</u>	<u>57,925</u>	<u>663</u>
Other Support Services - Guidance:					
Other Purchased Professional and Technical Services		1,000	1,000	820	180
Total Other Support Services - Guidance		<u>1,000</u>	<u>1,000</u>	<u>820</u>	<u>180</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	\$ 195,859	\$ 3,323	\$ 199,182	\$ 198,810	\$ 372
Salaries of Secretarial and Clerical Assistants	69,916	457	70,373	70,373	
Purchased Professional - Educational Services	1,250	1,910	3,160	3,160	
Miscellaneous Purchased Services (400-500 series)	400		400	250	150
Supplies and Materials	500		500	469	31
Other Objects	1,005	(105)	900	875	25
Total Other Support Services - Child Study Teams	<u>268,930</u>	<u>5,585</u>	<u>274,515</u>	<u>273,937</u>	<u>578</u>
Improvement of Instructional Services:					
Purchased Professional - Educational Services	4,800	354	5,154	5,154	
Total Improvement of Instructional Services	<u>4,800</u>	<u>354</u>	<u>5,154</u>	<u>5,154</u>	
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	8,900	600	9,500	3,960	5,540
Total Instructional Staff Training Services	<u>8,900</u>	<u>600</u>	<u>9,500</u>	<u>3,960</u>	<u>5,540</u>
Educational Media Services/School Library:					
Salaries	51,751	(269)	51,482	48,755	2,727
Supplies and Materials	12,964	(610)	12,354	6,758	5,596
Other Objects	500	10	510	510	
Total Educational Media Services/School Library	<u>65,215</u>	<u>(869)</u>	<u>64,346</u>	<u>56,023</u>	<u>8,323</u>
General Administration:					
Salaries	202,674	651	203,325	203,147	178
Legal Services	13,000	7,810	20,810	12,315	8,495
Audit Fees	10,000		10,000	9,785	215

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures:					
General Administration: (Cont'd)					
Communications/Telephone	\$ 10,208	\$ (461)	\$ 9,747	\$ 8,724	\$ 1,023
Other Purchased Professional Services	1,200		1,200	500	700
BOE Other Purchased Services	3,671	(1,850)	1,821	1,342	479
Other Purchased Services (400-500 series)	28,750	16,958	45,708	35,034	10,674
General Supplies	1,975	141	2,116	2,039	77
BOE In-House Training and Meeting Supplies	500		500	136	364
Miscellaneous Expenditures	5,100	(141)	4,959	2,057	2,902
BOE Memberships Dues and Fees	5,800		5,800	5,088	712
Total General Administration	282,878	23,108	305,986	280,167	25,819
School Administration:					
Salaries of Principals/Assistant Principals	110,854	7,912	118,766	110,747	8,019
Salaries of Secretarial and Clerical Assistants	24,838	4,302	29,140	25,349	3,791
Purchased Professional and Technical Services	2,500	199	2,699	2,699	
Other Purchased Services (400-500 series)	925		925	549	376
Supplies and Materials	7,300	588	7,888	7,888	
Other Objects	2,000		2,000	1,090	910
Total School Administration	148,417	13,001	161,418	148,322	13,096
Central Services:					
Salaries	126,799		126,799	126,768	31
Purchased Professional Services	10,450	6,676	17,126	17,126	
Miscellaneous Purchased Services	800		800	403	397
Supplies and Materials	3,000	2,541	5,541	2,337	3,204
Miscellaneous Expenditures	1,950	4,000	5,950	1,471	4,479
Total Central Services	142,999	13,217	156,216	148,105	8,111

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Administrative Information Technology:					
Salaries		\$ 4,000	\$ 4,000		\$ 4,000
Purchased Technical Services	\$ 11,560	(6,216)	5,344	\$ 3,160	2,184
Total Administrative Information Technology	<u>11,560</u>	<u>(2,216)</u>	<u>9,344</u>	<u>3,160</u>	<u>6,184</u>
Required Maintenance for School Facilities:					
Salaries	70,727	2,315	73,042	70,960	2,082
Cleaning, Repair and Maintenance Services	54,703	(8,108)	46,595	43,272	3,323
General Supplies	8,000		8,000	3,631	4,369
Total Required Maintenance for School Facilities	<u>133,430</u>	<u>(5,793)</u>	<u>127,637</u>	<u>117,863</u>	<u>9,774</u>
Custodial Services:					
Salaries	105,449	4,471	109,920	102,969	6,951
Purchased Professional - Technical Services	3,000		3,000	2,399	601
Cleaning, Repair and Maintenance Services	66,211	(1,972)	64,239	58,547	5,692
Insurance	18,150		18,150	18,150	
Miscellaneous Purchased Services	3,000		3,000	1,975	1,025
General Supplies	27,970		27,970	27,493	477
Energy (Electricity)	65,000		65,000	56,050	8,950
Energy (Oil)	90,000	(21,200)	68,800	50,852	17,948
Other Objects	2,300		2,300	1,054	1,246
Total Custodial Services	<u>381,080</u>	<u>(18,701)</u>	<u>362,379</u>	<u>319,489</u>	<u>42,890</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Expenditures:					
Student Transportation Services:					
Management Fees - ESC's & CTSA's Transportation Programs	\$ 3,000		\$ 3,000	\$ 2,863	\$ 137
Purchased Professional Technical Services	900		900	231	669
Contracted Services:					
Aid in Lieu of Payments-Nonpublic Transportation Between Home and School	4,000		4,000	1,368	2,632
Other than Between Home and School	323,722	\$ (34,000)	289,722	272,552	17,170
Special Education Students - ESC's & CTSA's	13,042		13,042	10,387	2,655
	73,000	(1,000)	72,000	26,526	45,474
Total Student Transportation Services	<u>417,664</u>	<u>(35,000)</u>	<u>382,664</u>	<u>313,927</u>	<u>68,737</u>
Unallocated Benefits:					
Social Security Contributions	47,600	5,901	53,501	51,954	1,547
Other Retirement Contributions - Regular	35,000		35,000	34,718	282
Unemployment Compensation	1,000	29,000	30,000	30,000	
Workmen's Compensation	56,000		56,000	52,444	3,556
Health Benefits	783,337	(16,883)	766,454	722,034	44,420
Tuition Reimbursement	12,000	799	12,799	12,799	
Other Employee Benefits	24,125	7,583	31,708	31,708	
Total Unallocated Benefits	<u>959,062</u>	<u>26,400</u>	<u>985,462</u>	<u>935,657</u>	<u>49,805</u>
TPAF Non - Contributory Insurance (On-Behalf - Non-Budgeted)				11,001	(11,001)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				206,622	(206,622)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				242,935	(242,935)
Total On-Behalf Contributions				<u>460,558</u>	<u>(460,558)</u>
Total Personal Services - Employee Benefits	<u>959,062</u>	<u>26,400</u>	<u>985,462</u>	<u>1,396,215</u>	<u>(410,753)</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	\$ 3,082,338	\$ 15,515	\$ 3,097,853	\$ 3,279,952	\$ (182,099)
Total Current Expense	5,799,783	(28,302)	5,771,481	5,896,693	(125,212)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Required Maintenance for School Facilities	64,000		64,000		64,000
Instruction		4,565	4,565	4,565	
Total Equipment	64,000	4,565	68,565	4,565	64,000
Facilities Acquisition and Construction Services:					
Architecural/Engineering Services	3,500	(3,500)			
Other Purchased Professional and Technical Services	4,632	2,115	6,747	3,075	3,672
Construction Services	63,185	1,385	64,570	33,106	31,464
Total Facilities Acquisition and Construction Services	71,317		71,317	36,181	35,136
Total Capital Outlay	135,317	4,565	139,882	40,746	99,136
Transfer of Funds to Charter Schools	18,000	23,737	41,737	41,737	
Total Expenditures	5,953,100		5,953,100	5,979,176	(26,076)
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(216,156)		(216,156)	(135,470)	80,686

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Uses:					
Operating Transfer Out:					
Transfer to Food Service Fund	\$ (3,500)		\$ (3,500)		\$ (3,500)
Total Other Financing Uses	<u>(3,500)</u>		<u>(3,500)</u>		<u>(3,500)</u>
Over/(Under) Expenditures and Other Financing Uses	(219,656)		(219,656)	\$ (135,470)	77,186
Fund Balance, July 1	<u>1,091,931</u>		<u>1,091,931</u>	<u>1,091,931</u>	
Fund Balance, June 30	<u>\$ 872,275</u>	<u>\$ - 0 -</u>	<u>\$ 872,275</u>	<u>\$ 956,461</u>	<u>\$ 77,186</u>
Recapitulation:					
Reserve for Encumbrances				\$ 5,288	
Reserve for Excess Surplus				43,563	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				297,518	
Capital Reserve				359,810	
Unreserved/Undesignated Fund Balance				<u>250,282</u>	
				956,461	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payments not recognized on GAAP basis				<u>(204,633)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 751,828</u>	

STILLWATER TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 104,929	\$ 192,147	\$ 297,076	\$ 250,031	\$ (47,045)
Total Revenues	<u>104,929</u>	<u>192,147</u>	<u>297,076</u>	<u>250,031</u>	<u>(47,045)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	51,438	95,878	147,316	107,028	40,288
Purchased Professional and Technical Services	24,761	(4,728)	20,033	20,033	
Tuition	2,578	(2,578)			
General Supplies	22,623	56,243	78,866	72,149	6,717
Total Instruction	<u>101,400</u>	<u>144,815</u>	<u>246,215</u>	<u>199,210</u>	<u>47,005</u>
Support Services:					
Salaries of Other Professional Staff		33,960	33,960	33,960	
Personal Services - Employee Benefits	3,529	3,586	7,115	7,115	
Purchased Professional - Educational Services		9,786	9,786	9,746	40
Total Support Services	<u>3,529</u>	<u>47,332</u>	<u>50,861</u>	<u>50,821</u>	<u>40</u>
Total Expenditures	<u>\$ 104,929</u>	<u>\$ 192,147</u>	<u>\$ 297,076</u>	<u>\$ 250,031</u>	<u>\$ 47,045</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 5,843,706	\$ 250,031
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	202,077	
State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(204,633)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and and Changes in Fund Balances - Governmental Funds.	\$ 5,841,150	\$ 250,031
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 5,979,176	\$ 250,031
Differences - Budget to GAAP:		
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 5,979,176	\$ 250,031

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

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

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

STILLWATER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind				IDEA Part B		
	Title I	Title I ARRA	Title II Part A	Title II Part D	Title IV	Basic	Basic Carryover
REVENUE:							
Federal Sources	\$ 18,777	\$ 6,428	\$ 7,739	\$ 202	\$ 797	\$ 39,873	\$ 42,933
Total Revenue	18,777	6,428	7,739	202	797	39,873	42,933
EXPENDITURES:							
Instruction:							
Salaries of Teachers	10,000	4,000				20,000	36,628
Purchased Professional/Technical Services	1,012	321				10,000	
General Supplies	5,495	2,107	6,239	202		7,913	2,645
Total Instruction	16,507	6,428	6,239	202		37,913	39,273
Support Services:							
Salaries of Other Professional Staff							3,660
Purchased Professional/Educational Services	2,270		1,500		797	1,960	
Personal Services - Employee Benefits							
Total Support Services	2,270		1,500		797	1,960	3,660
Total Expenditures	\$ 18,777	\$ 6,428	\$ 7,739	\$ 202	\$ 797	\$ 39,873	\$ 42,933

STILLWATER TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B		Small, Rural School Achievement		Totals	
	Basic ARRA	Preschool	Preschool ARRA	2009-10		Carryover
REVENUE:						
Federal Sources	\$ 81,669	\$ 5,668	\$ 3,013	\$ 42,722	\$ 210	\$ 250,031
Total Revenue	<u>81,669</u>	<u>5,668</u>	<u>3,013</u>	<u>42,722</u>	<u>210</u>	<u>250,031</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	33,000	1,000	2,400			107,028
Purchased Professional/Technical Services		1,500		7,200		20,033
General Supplies	8,532	3,022	262	35,522	210	72,149
Total Instruction	<u>41,532</u>	<u>5,522</u>	<u>2,662</u>	<u>42,722</u>	<u>210</u>	<u>199,210</u>
Support Services:						
Salaries of Other Professional Staff	30,300					33,960
Purchased Professional/Educational Services	3,219					9,746
Personal Services - Employee Benefits	6,618	146	351			7,115
Total Support Services	<u>40,137</u>	<u>146</u>	<u>351</u>			<u>50,821</u>
Total Expenditures	<u>\$ 81,669</u>	<u>\$ 5,668</u>	<u>\$ 3,013</u>	<u>\$ 42,722</u>	<u>\$ 210</u>	<u>\$ 250,031</u>

CAPITAL PROJECTS FUND

STILLWATER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Fund Balance - Beginning	<u>\$ 17,973</u>
Fund Balance - Ending	<u><u>\$ 17,973</u></u>
Recapitulation:	
Unreserved - Undesignated	<u>\$ 17,973</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 17,973</u></u>

STILLWATER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF AN ADDITION TO AND UPGRADING OF EXISTING FACILITIES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 25,618		\$ 25,618	\$ 25,618
Transfer from Capital Reserve	56,400		56,400	56,400
Total Revenue and Other Financing Sources	82,018	\$ -0-	82,018	82,018
Expenditures:				
Construction Services	64,045		64,045	82,018
Total Expenditures	64,045	-0-	64,045	82,018
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 17,973</u>	<u>\$ -0-</u>	<u>\$ 17,973</u>	<u>\$ -0-</u>
 Additional Project Information:				
Project Number(s)	5040-050-04-3000			
Grant Date	02/10/05			
Original Authorized Cost	\$ 113,820			
Change Orders/Additional Authorization	<u>(31,802)</u>			
Revised Authorized Cost	<u>\$ 82,018</u>			
 Change Order Percentage	-27.94%			
Percentage Completion	100.00%			
Original Target Completion Date	12/30/04			
Revised Target Completion Date	06/30/05			

PROPRIETARY FUNDS

STILLWATER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 27,626
Intergovernmental Accounts Receivable:	
Federal	1,789
State	132
Inventories	4,214

Total Current Assets	<u>33,761</u>
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Non-Current Assets:

Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	<u>36,857</u>
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Total Non-Current Assets	<u>36,857</u>
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Total Assets	<u>70,618</u>
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LIABILITIES:

Current Liabilities:

Deferred Revenue	<u>2,444</u>
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Total Current Liabilities	<u>2,444</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	36,857
Unrestricted	<u>31,317</u>

Total Net Assets	<u>\$ 68,174</u>
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STILLWATER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 77,910
Daily Sales - Non-Reimbursable Programs	24,964
Special Events	2,868
	<hr/>
Total Operating Revenue	105,742
	<hr/>
Operating Expenses:	
Cost of Sales	59,271
Salaries, Benefits & Payroll Taxes	65,948
Supplies, Insurance & Other Costs	7,809
Management Fee	7,462
Depreciation Expense	6,159
	<hr/>
Total Operating Expenses	146,649
	<hr/>
Operating Loss	(40,907)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	390
State Sources:	
State School Lunch Program	2,175
Federal Sources:	
National School Lunch Program	30,134
Food Distribution Program	7,074
	<hr/>
Total Non-Operating Income	39,773
	<hr/>
Change in Net Assets Before Other Items	(1,134)
	<hr/>
Cancellation of Accounts Payable	31,286
Cancellation of Accounts Receivable	(13,025)
	<hr/>
Change in Net Assets	17,127
	<hr/>
Net Assets - Beginning of Year	51,047
	<hr/>
Net Assets - End of Year	\$ 68,174
	<hr/> <hr/>

STILLWATER TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 105,742
Payments to Food Service Vendor	(127,189)
Payments to Other Vendors	(6,223)
	<hr/>
Net Cash Used for Operating Activities	(27,670)
	<hr/>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	390
	<hr/>
Net Cash Provided by Investing Activities	390
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,183
Federal Sources:	
National School Lunch Program	29,965
	<hr/>
Net Cash Provided by Noncapital Financing Activities	32,148
	<hr/>
Cash Flows from Capital Financing Activities:	
Purchase of Equipment	(7,934)
	<hr/>
Net Cash Used for Capital Financing Activities	(7,934)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(3,066)
	<hr/>
Cash and Cash Equivalents, July 1	30,692
	<hr/>
Cash and Cash Equivalents, June 30	\$ 27,626
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (40,907)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	6,159
Food Distribution Program	7,074
Changes in Assets and Liabilities:	
Decrease in Inventory	634
(Increase) in Deferred Revenue	(630)
	<hr/>
Net Cash Used for Operating Activities	\$ (27,670)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$6,444 and utilized U.S.D.A. Commodities valued at \$7,074.

FIDUCIARY FUNDS

STILLWATER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ASSETS:			
Cash and Cash Equivalents	\$ 44,275	\$ 56,187	\$ 100,462
Total Assets	44,275	56,187	100,462
LIABILITIES:			
Due to Student Groups	10,913		10,913
Payroll Deductions and Withholdings	33,335		33,335
Interfund Payable - General Fund	27		27
Total Liabilities	44,275		44,275
NET ASSETS:			
Held in Trust for Unemployment Claims		56,187	56,187
Total Net Assets	\$ -0-	\$ 56,187	\$ 56,187

STILLWATER TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee Contributions	\$ 5,561
Employer Contributions	<u>30,000</u>
Total Contributions	<u>35,561</u>
Investment Earnings:	
Interest	<u>273</u>
Net Investment Earnings	<u>273</u>
Total Additions	<u>35,834</u>
Deductions	
Unemployment Compensation Claims	<u>10,843</u>
Total Deductions	<u>10,843</u>
Change in Net Assets	24,991
Net Assets - Beginning of the Year	<u>31,196</u>
Net Assets - End of the Year	<u><u>\$ 56,187</u></u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 6,822	\$ 57,767	\$ 53,676	\$ 10,913
Total Assets	<u>\$ 6,822</u>	<u>\$ 57,767</u>	<u>\$ 53,676</u>	<u>\$ 10,913</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 6,822	\$ 57,767	\$ 53,676	\$ 10,913
Total Liabilities	<u>\$ 6,822</u>	<u>\$ 57,767</u>	<u>\$ 53,676</u>	<u>\$ 10,913</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary School:				
General Organization Account	\$ 6,822	\$ 57,767	\$ 53,676	\$ 10,913
Total All Schools	<u>\$ 6,822</u>	<u>\$ 57,767</u>	<u>\$ 53,676</u>	<u>\$ 10,913</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 29,521	\$ 4,222,286	\$ 4,218,445	\$ 33,362
Total Assets	<u>\$ 29,521</u>	<u>\$ 4,222,286</u>	<u>\$ 4,218,445</u>	<u>\$ 33,362</u>
<u>LIABILITIES:</u>				
Payroll Deduction and Withholdings	\$ 29,521	\$ 4,222,259	\$ 4,218,445	\$ 33,335
Interfund Payable		27		27
Total Liabilities	<u>\$ 29,521</u>	<u>\$ 4,222,286</u>	<u>\$ 4,218,445</u>	<u>\$ 33,362</u>

LONG-TERM DEBT
(NOT APPLICABLE)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

STILLWATER TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST SEVEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in Capital Assets, Net of							
Related Debt	\$ 1,669,770	\$ 1,859,027	\$ 1,760,481	\$ 1,682,199	\$ 1,682,890	\$ 1,644,211	\$ 1,577,626
Restricted	232,057	344,983	390,430	336,846	399,538	859,052	724,152
Unrestricted/(Deficit)	(128,520)	(253,092)	(284,988)	(155,424)	(129,798)	(233,237)	(205,715)
Total Governmental Activities Net Assets	\$ 1,773,307	\$ 1,950,918	\$ 1,865,924	\$ 1,863,621	\$ 1,952,630	\$ 2,270,026	\$ 2,096,063
Business-type Activities							
Invested in Capital Assets, Net of							
Related Debt	\$ 57,512	\$ 51,362	\$ 44,359	\$ 46,574	\$ 39,939	\$ 35,082	\$ 36,857
Unrestricted	8,166	11,413	14,652	16,527	17,421	15,965	31,317
Total Business-type Activities Net Assets	\$ 65,678	\$ 62,775	\$ 59,011	\$ 63,101	\$ 57,360	\$ 51,047	\$ 68,174
District-wide							
Invested in Capital Assets, Net of							
Related Debt	\$ 1,727,282	\$ 1,910,389	\$ 1,804,840	\$ 1,728,773	\$ 1,722,829	\$ 1,679,293	\$ 1,614,483
Restricted	232,057	344,983	390,430	336,846	399,538	859,052	724,152
Unrestricted/(Deficit)	(120,354)	(241,679)	(270,336)	(138,897)	(112,377)	(217,272)	(174,398)
Total District Net Assets	\$ 1,838,985	\$ 2,013,693	\$ 1,924,935	\$ 1,926,722	\$ 2,009,990	\$ 2,321,073	\$ 2,164,237

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

STILLWATER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 2,560,386	\$ 2,688,731	\$ 2,797,460	\$ 3,084,169	\$ 3,079,288	\$ 2,900,814	\$ 2,996,887
Special Education	410,275	442,858	495,147	585,408	543,270	579,109	698,908
Other Special Instruction	139,053	154,598	152,802	193,023	200,837	173,520	240,024
School-Sponsored/Other Instruction							23,392
Support Services:							
Tuition	40,979	37,042	34,834	4,497	13,431	957	
Student & Instruction Related Services	615,530	670,595	652,076	732,245	725,005	715,600	678,038
General Administrative Services	471,289	487,899	503,828	468,714	388,435	285,611	330,206
School Administrative Services	193,720	157,984	199,194	200,259	201,034	191,349	205,989
Central Services					190,566	171,017	179,511
Plant Operations and Maintenance	372,890	412,982	386,960	427,882	474,269	457,348	482,230
Pupil Transportation	330,772	327,836	403,386	325,232	339,907	348,609	313,927
Transfer of Funds to Charter School						8,480	41,737
Interest on Long-term Debt	1,329	4					
Capital Outlay							4,334
Unallocated Depreciation	9,250	10,765	72,470	72,470	95,112	197,862	69,961
Total Governmental Activities Expenses	<u>5,145,473</u>	<u>5,391,294</u>	<u>5,698,157</u>	<u>6,093,899</u>	<u>6,251,154</u>	<u>6,030,276</u>	<u>6,265,144</u>
Business-type Activities:							
Food Service	122,843	121,691	128,625	133,569	139,546	137,346	146,649
Total Business-type Activities Expense	<u>122,843</u>	<u>121,691</u>	<u>128,625</u>	<u>133,569</u>	<u>139,546</u>	<u>137,346</u>	<u>146,649</u>
Total District Expenses	<u>\$ 5,268,316</u>	<u>\$ 5,512,985</u>	<u>\$ 5,826,782</u>	<u>\$ 6,227,468</u>	<u>\$ 6,390,700</u>	<u>\$ 6,167,622</u>	<u>\$ 6,411,793</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Instruction (Tuition)	\$ 52,623	\$ 74,620	\$ 65,408	\$ 72,686	\$ 86,923	\$ 85,748	\$ 43,214
Operating Grants and Contributions	2,324,104	2,403,858	2,027,318	2,010,576	378,281	918,141	999,591
Total Governmental Activities Program Revenues	<u>2,376,727</u>	<u>2,478,478</u>	<u>2,092,726</u>	<u>2,083,262</u>	<u>465,204</u>	<u>1,003,889</u>	<u>1,042,805</u>
Business-type Activities:							
Charges for Services:							
Food Service	89,387	87,616	92,845	100,215	99,404	100,907	105,742
Operating Grants and Contributions	23,972	21,977	23,657	28,322	32,764	31,107	39,383
Total Business-type Activities Program Revenues	<u>113,359</u>	<u>109,593</u>	<u>116,502</u>	<u>128,537</u>	<u>132,168</u>	<u>132,014</u>	<u>145,125</u>
Total District Program Revenues	<u>\$ 2,490,086</u>	<u>\$ 2,588,071</u>	<u>\$ 2,209,228</u>	<u>\$ 2,211,799</u>	<u>\$ 597,372</u>	<u>\$ 1,135,903</u>	<u>\$ 1,187,930</u>
Net (Expense)/Revenue:							
Governmental Activities	\$ (2,768,746)	\$ (2,912,816)	\$ (3,605,431)	\$ (4,010,637)	\$ (5,785,950)	\$ (5,026,387)	\$ (5,222,339)
Business-type Activities	(9,484)	(12,098)	(12,123)	(5,032)	(7,378)	(5,332)	(1,524)
Total District-wide Net Expense	<u>\$ (2,778,230)</u>	<u>\$ (2,924,914)</u>	<u>\$ (3,617,554)</u>	<u>\$ (4,015,669)</u>	<u>\$ (5,793,328)</u>	<u>\$ (5,031,719)</u>	<u>\$ (5,223,863)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 2,927,146	\$ 2,984,212	\$ 3,131,459	\$ 3,256,387	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568
Taxes Levied for Debt Service	42,702	2,680					
Federal and State Aid Not Restricted			432,903	712,518	2,466,765	1,621,973	1,383,512

STILLWATER TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets: (Cont'd)							
Governmental Activities: (Cont'd)							
Investment Earnings	\$ 13,717	\$ 14,097	\$ 16,646	\$ 21,016	\$ 21,343	\$ 15,580	\$ 2,582
Miscellaneous Income	16,467	16,809	8,958	18,413	19,000	19,001	8,714
Federal and State Aid for Capital Asset Projects	23,040	80,629	8,958				
Net Change Due to Disposal of Assets			(60,282)				
Operating Transfer			(9,249)		(721)	(989)	
Transfers	(7,100)	(8,000)					
Total Governmental Activities	<u>3,015,972</u>	<u>3,090,427</u>	<u>3,529,393</u>	<u>4,008,334</u>	<u>5,874,959</u>	<u>5,255,652</u>	<u>5,048,376</u>
Business-type Activities:							
Investment Earnings	1,155	1,195	1,023	943	915	672	390
Net Change Due to Disposal of Assets			(914)				
Operating Transfer			9,249	8,180	721	989	
Transfers	7,100	8,000					
Other							18,261
Total Business-type Activities	<u>8,255</u>	<u>9,195</u>	<u>9,358</u>	<u>9,123</u>	<u>1,636</u>	<u>1,661</u>	<u>18,651</u>
Total District-wide	<u>\$ 3,024,227</u>	<u>\$ 3,099,622</u>	<u>\$ 3,538,751</u>	<u>\$ 4,017,457</u>	<u>\$ 5,876,595</u>	<u>\$ 5,257,313</u>	<u>\$ 5,067,027</u>
Change in Net Assets:							
Governmental Activities	\$ 247,226	\$ 177,611	\$ (76,036)	\$ (2,303)	\$ 89,009	\$ 229,265	\$ (173,963)
Business-type Activities	(1,229)	(2,903)	(3,765)	4,090	(5,741)	(3,671)	17,127
Total District	<u>\$ 245,997</u>	<u>\$ 174,708</u>	<u>\$ (79,801)</u>	<u>\$ 1,787</u>	<u>\$ 83,268</u>	<u>\$ 225,594</u>	<u>\$ (156,836)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

STILLWATER TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SEVEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 246,459	\$ 284,465	\$ 372,457	\$ 318,874	\$ 381,564	\$ 841,079	\$ 706,179
Unreserved	57,069	55,955	9,565	156,013	150,522	48,775	45,649
Total General Fund	<u>\$ 303,528</u>	<u>\$ 340,420</u>	<u>\$ 382,023</u>	<u>\$ 474,886</u>	<u>\$ 532,086</u>	<u>\$ 889,854</u>	<u>\$ 751,828</u>
All Other Governmental Funds							
Unreserved, Reported in:							
Capital Projects Fund	\$ 44,094	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973
Total All Other Governmental Funds	<u>\$ 44,094</u>	<u>\$ 17,973</u>					
Total Governmental Funds	<u>\$ 347,622</u>	<u>\$ 358,393</u>	<u>\$ 399,996</u>	<u>\$ 492,859</u>	<u>\$ 550,059</u>	<u>\$ 907,827</u>	<u>\$ 769,801</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

STILLWATER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SIX FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Revenues:							
Tax Levy	\$ 2,969,848	\$ 2,986,892	\$ 3,131,459	\$ 3,256,387	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568
Tuition Charges	52,623	74,620	65,408	72,686	86,923	85,748	43,214
Interest Earnings	1,770	1,162	16,646	21,016	21,344	15,580	2,582
Miscellaneous	28,414	29,744	8,958	18,413	19,000	19,001	8,714
State Sources	2,199,995	2,328,962	2,324,142	2,586,614	2,697,014	2,376,826	1,934,433
Federal Sources	147,149	155,525	136,079	136,480	148,032	163,288	448,670
Total Revenue	5,399,799	5,576,905	5,682,692	6,091,596	6,340,883	6,260,530	6,091,181
Expenditures:							
Instruction							
Regular Instruction	2,010,284	2,041,256	2,101,452	2,166,988	2,221,277	2,166,948	2,136,330
Special Education Instruction	319,594	340,505	312,509	339,988	367,105	413,726	545,686
Other Instruction	108,319	118,867	102,940	128,591	136,754	145,782	168,101
School-Sponsored/Other Instruction							16,655
Support Services:							
Tuition	40,979	37,042	34,834	4,497	13,431	957	
Student & Other Instruction Related Services	498,387	515,607	494,853	515,845	501,695	530,222	552,704
General Administrative Services	367,123	375,136	396,187	390,406	292,721	253,407	280,167
School Administrative Services	131,999	121,471	131,900	138,593	138,644	143,476	148,322
Central Services					136,508	139,200	151,265
Plant Operations and Maintenance	290,472	317,534	346,755	358,926	393,770	391,911	437,352
Pupil Transportation	330,772	327,836	351,735	325,232	339,907	348,609	313,927
Unallocated Benefits	1,104,697	1,139,774	1,267,591	1,602,577	1,655,761	1,266,077	1,396,215
Charter School						8,480	41,737

STILLWATER TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST SIX FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenditures: (Cont'd)							
Capital Outlay	\$ 65,680	\$ 222,424	\$ 88,086	\$ 27,088	\$ 85,390	\$ 82,978	\$ 40,746
Debt Service:							
Principal	56,654	3,654					
Interest and Other Charges	1,990	27					
Total Expenditures	<u>5,326,950</u>	<u>5,561,133</u>	<u>5,628,841</u>	<u>5,998,733</u>	<u>6,282,962</u>	<u>5,891,773</u>	<u>6,229,207</u>
Excess/(Deficit) of Revenues							
Over/(Under) Expenditures	<u>72,849</u>	<u>15,772</u>	<u>53,851</u>	<u>92,863</u>	<u>57,921</u>	<u>368,757</u>	<u>(138,026)</u>
Other Financing Sources/(Uses):							
Transfers Out	<u>(7,100)</u>	<u>(8,000)</u>	<u>(9,249)</u>		<u>(721)</u>	<u>(989)</u>	
Total Other Financing Sources/(Uses)	<u>(7,100)</u>	<u>(8,000)</u>	<u>(9,249)</u>		<u>(721)</u>	<u>(989)</u>	
Net Change in Fund Balances	<u>\$ 65,749</u>	<u>\$ 7,772</u>	<u>\$ 44,602</u>	<u>\$ 92,863</u>	<u>\$ 57,200</u>	<u>\$ 367,768</u>	<u>\$ (138,026)</u>
Debt Service as a Percentage of							
Noncapital Expenditures	<u>1.11%</u>	<u>0.07%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

STILLWATER TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Miscellaneous</u> <u>Refunds</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest on</u> <u>Capital Reserve</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2001	\$ 87,230	\$ 41,197	\$ 14,141	\$ 4,348	\$ 11,000	\$ 43	\$ 157,959
2002	56,116	61,273	15,504	3,165	11,350	34	147,442
2003	10,737	61,722	13,182	1,999	74,643	148	162,431
2004	5,761	52,623	11,947	1,770	7,607	3,099	82,807
2005	4,958	74,620	12,935	1,162	7,607	4,244	105,526
2006		65,408	15,237	1,409		8,958	91,012
2007		72,686	19,081	1,935		18,413	112,115
2008		86,923	21,344			19,000	127,267
2009		85,748	12,407	3,173		19,001	120,329
2010		43,214	8,714	2,582			54,510

Source: School District Financial Reports

STILLWATER TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm	Commercial	Industrial	Total Assessed Value	Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2000	\$ 8,625,700	\$ 197,265,800	\$ 21,445,100	\$ 10,251,900	\$ 408,900	\$ 237,997,400		\$ 1,170,922	\$ 239,168,322	\$ 260,545,539	\$ 1.851
2001	8,369,500	198,173,000	22,183,100	9,421,600	408,900	238,556,100		1,124,657	239,680,757	276,397,738	1.980
2002	7,933,900	199,484,100	22,748,400	9,331,600	408,900	239,906,900		1,213,330	241,120,230	289,096,552	2.133
2003	7,158,100	201,458,600	23,346,900	9,351,400	408,900	241,723,900		740,875	242,464,775	317,934,341	2.250
2004	7,046,000	201,814,000	24,560,200	9,007,700	408,900	242,836,800		688,112	243,524,912	366,816,737	2.320
2005	7,069,700	202,521,700	24,853,900	8,930,700	408,900	243,784,900		609,874	244,394,774	411,224,227	2.380
2006 *	6,564,700	203,303,200	25,840,800	8,930,700	408,900	245,048,300		443,416	245,491,716	490,241,335	2.472
2007	6,009,100	204,625,700	27,341,900	8,930,700	408,900	247,316,300		386,550	247,402,850	548,448,380	2.554
2008	5,767,600	205,545,300	27,957,800	8,930,700	408,900	248,610,300	\$ 28,250,200	340,691	248,950,991	580,601,044	2.644
2009	5,341,900	208,201,700	25,595,600	8,930,700	408,900	248,478,800	28,948,500	286,093	250,060,393	578,308,032	2.702

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

b Tax rates are per \$100 of assessed value.

* Year in which revaluation became effective.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

Source: Municipal Tax Assessor

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

Year Ended December 31,	Stillwater Township School District Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	Total Direct School Tax Rate	Municipality	County	Regional High School	
2000	\$ 1.980	\$ 1.980	\$ 0.548	\$ 0.581	\$ 1.851	\$ 4.960
2001	2.133	2.133	0.550	0.670	1.980	5.333
2002	2.250	2.250	0.574	0.693	2.133	5.650
2003	2.320	2.320	0.581	0.719	2.250	5.870
2004	1.220	1.220	0.562	0.758	1.100	3.640
2005	1.250	1.250	0.570	0.780	1.130	3.730
2006	* 1.303	1.303	0.629	0.879	1.169	3.980
2007	1.339	1.339	0.684	0.902	1.215	4.140
2008	1.339	1.399	0.784	0.898	1.245	4.326
2009	1.451	1.451	0.806	0.911	1.251	4.419

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

* Year in which revaluation became effective.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation.

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	\$ 1,105,400	1	0.45%
Individual Taxpayer #1	814,900	2	0.33%
Individual Taxpayer #2	607,300	3	0.25%
North Shore House	585,000	4	0.24%
Individual Taxpayer #3	578,500	5	0.24%
Individual Taxpayer #4	518,900	6	0.21%
Individual Taxpayer #5	515,000	7	0.21%
Individual Taxpayer #6	463,400	8	0.19%
Individual Taxpayer #7	446,800	9	0.18%
Individual Taxpayer #8	408,900	10	0.17%
Total	<u>\$ 6,044,100</u>		<u>2.11%</u>

Taxpayer	2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	\$ 1,085,600	1	0.45%
Mission of TAO - Confucianism	873,800	2	0.36%
Individual Taxpayer #1	814,900	3	0.34%
Individual Taxpayer #2	605,300	4	0.25%
Individual Taxpayer #3	570,300	5	0.24%
Individual Taxpayer #4	570,100	6	0.24%
Individual Taxpayer #5	470,000	7	0.19%
Individual Taxpayer #6	463,400	8	0.19%
Individual Taxpayer #7	429,700	9	0.18%
Individual Taxpayer #8	408,900	10	0.17%
Total	<u>\$ 6,292,000</u>		<u>2.26%</u>

Note - Individual taxpayers in 2000 and 2009 may not be the same.

Source: Municipal Tax Assessor

STILLWATER TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 2,249,255	\$ 2,249,255	100.00%	\$ - 0 -
2002	2,529,513	2,529,513	100.00%	- 0 -
2003	2,748,308	2,748,308	100.00%	- 0 -
2004	2,969,848	2,969,848	100.00%	- 0 -
2005	2,986,892	2,986,892	100.00%	- 0 -
2006	3,131,459	3,131,459	100.00%	- 0 -
2007	3,256,387	3,256,387	100.00%	- 0 -
2008	3,368,572	3,368,572	100.00%	- 0 -
2009	3,600,087	3,600,087	100.00%	- 0 -
2010	3,653,568	3,653,568	100.00%	- 0 -

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

Source: School District of the Township of Stillwater records including the Certificate and Report of School Taxes (A4F form)

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
2001	\$ 177,615	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 177,615	0.11%	\$ 41.58
2002	118,961	- 0 -	- 0 -	- 0 -	- 0 -	118,961	0.07%	27.74
2003	62,307	- 0 -	- 0 -	- 0 -	- 0 -	62,307	0.04%	14.42
2004	3,653	- 0 -	- 0 -	- 0 -	- 0 -	3,653	0.00%	0.84
2005	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2006	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2007	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2008	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2009	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2010	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	0.00%	- 0 -

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 177,615	\$ -0-	\$ 177,615	0.01%	\$ 41.58
2002	118,961	- 0 -	118,961	0.00%	27.74
2003	62,307	- 0 -	62,307	0.00%	14.42
2004	3,653	- 0 -	3,653	0.00%	0.84
2005	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2006	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2007	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2008	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2009	- 0 -	- 0 -	- 0 -	0.00%	- 0 -
2010	- 0 -	- 0 -	- 0 -	0.00%	- 0 -

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

STILLWATER TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Township of Stillwater (100%)	\$ 1,449,351	100.00%	\$ 1,449,351
County of Sussex - Township's share	77,716,140	2.73%	2,121,651
Kittatinny Regional School District Direct Debt	2,292,000	26.59%	609,521
Subtotal, Overlapping Debt			4,180,523
Stillwater Township School District Direct Debt			- 0 -
Total Direct and Overlapping Debt			<u>\$ 4,180,523</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Stillwater. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

STILLWATER TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST SEVEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized valuation basis
2009	\$ 577,646,392
2008	593,767,136
2007	575,393,198
	<u>\$ 1,746,806,726</u>
Average Equalized Valuation of Taxable Property	\$ 582,268,909
Debt Limit (3% of average equalization value)	17,468,067 ^a
Net Bonded School Debt	- 0 -
Legal Debt Margin	<u>\$ 17,468,067</u>

	<u>Fiscal Year</u>						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 9,632,048	\$ 10,858,431	\$ 12,580,931	\$ 14,370,569	\$ 16,043,211	\$ 17,117,828	\$ 17,468,067
Total Net Debt Applicable to Limit	<u>3,653</u>	<u>- 0 -</u>					
Legal Debt Margin	<u>\$ 9,628,395</u>	<u>\$ 10,858,431</u>	<u>\$ 12,580,931</u>	<u>\$ 14,370,569</u>	<u>\$ 16,043,211</u>	<u>\$ 17,117,828</u>	<u>\$ 17,468,067</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Township of Stillwater Personal Income ^b</u>	<u>Sussex County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2001	4,288	\$ 165,418,176	\$ 38,577	6.50%
2002	4,322	167,360,806	38,723	9.20%
2003	4,335	170,521,560	39,336	9.80%
2004	4,340	177,154,460	40,819	1.50%
2005	4,340	184,233,000	42,450	1.50%
2006	4,338	197,153,424	45,448	1.70%
2007	4,334	210,086,316	48,474	1.60%
2008	4,326	215,274,738	49,763	2.10%
2009	4,312	214,578,056	49,763 *	3.50%
2010	4,312 **	214,578,056	49,763 *	N/A

* - Latest Sussex County per capita personal income available (2008) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

N/A - Information not available

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

STILLWATER TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, TOWNSHIP OF STILLWATER
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2009		Percentage of Total Employment
	Employees	Rank	
Stocker Bus	70	1	N/A
Stillwater Township School	65	2	N/A
Fairview Lake YMCA Camp	47	3	N/A
Stillwater Township Municipal Employees	41	4	N/A
Lou Hoover YMCA Camp	18	5	N/A
Swartswood State Park	13	6	N/A
C&V Paving	8	7	N/A
Roy Biscoff Mason Supply	5	8	N/A
Lakeland Bank Stillwater Branch	5	9	N/A
Stillwater Gen'l Store	3	10	N/A
	275		

Employer	2000		Percentage of Total Employment
	Employees	Rank (Optional)	

INFORMATION NOT AVAILABLE

Note: Fairview Camp Has 75 summer and 35 winter employees; Lou Hoover Camp has 66 summer and 2 winter employees and Swartswood has 20 summer and 10 winter employees. A weighted average was used for the number of employees for these three employers.

N/A - Total amount of employment is not available in order to do the percentage calculation

Source: Sussex County Chamber of Commerce

STILLWATER TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:								
Regular	35.0	37.0	36.7	37.4	37.5	37.0	37.0	38.0
Special Education	6.0	5.5	6.0	5.0	5.0	5.0	5.0	7.0
Other Instruction	3.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Support Services:								
Tuition								
Student & Instruction Related Services	5.5	5.1	5.3	4.7	4.7	3.0	2.0	2.0
General Administrative Services	2.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	2.0	2.0	1.0	1.5	2.0	2.0	2.0	2.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total	<u>58.5</u>	<u>59.1</u>	<u>58.0</u>	<u>57.6</u>	<u>59.2</u>	<u>57.0</u>	<u>56.0</u>	<u>59.0</u>

N/A - Information not available.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

STILLWATER TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2001	429.0	\$ 4,391,565	\$ 10,237	N/A	48	1:8.9	434.9	413.9	N/A	95.17%
2002	434.0	4,511,154	10,394	1.54%	47	1:9.2	443.6	421.5	2.00%	95.02%
2003	411.0	4,860,584	11,826	13.78%	48	1:8.6	433.9	410.9	-2.19%	94.70%
2004	400.0	5,058,577	12,646	6.94%	47	1:8.5	415.5	398.7	-4.24%	95.96%
2005	404.0	5,183,720	12,831	1.46%	46	1:8.8	408.9	391.5	-1.59%	95.74%
2006	404.0	5,402,527	13,373	4.22%	46	1:8.8	407.7	388.9	-0.29%	95.39%
2007	394.0	5,833,097	14,805	10.71%	46	1:8.7	401.8	391.0	-1.45%	97.31%
2008	416.0	6,049,540	14,542	-1.77%	46	1:8.8	402.3	382.9	0.12%	95.18%
2009	398.0	5,674,027	14,256	-1.97%	45	1:8.8	406.9	386.8	1.14%	95.06%
2010	401.0	6,188,461	15,433	8.25%	45	1:8.8	398.6	377.9	-2.04%	94.81%

Note: Enrollment based on annual October district count.

N/A Information is not available

a Operating expenditures equal total expenditures less debt service and capital outlay.

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

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

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: Stillwater Township School District Records

STILLWATER TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>District Building</u>										
<u>Elementary</u>										
Stillwater Elementary School										
Square Feet	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470	48,470
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment	429	434	411	400	404	404	394	416	398	401
Number of Schools at June 30, 2010										
Elementary = 1										

Note: Enrollment is based on the annual October district count.

Source: District Facilities Office

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

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

<u>Facility</u>	<u>Project #(s)</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Stillwater Township School	N/A	<u>\$ 61,850</u>	<u>\$ 68,216</u>	<u>\$ 70,284</u>	<u>\$ 77,589</u>	<u>\$ 80,374</u>	<u>\$ 112,738</u>	<u>\$ 90,869</u>	<u>\$ 87,895</u>	<u>\$ 113,491</u>	<u>\$ 117,863</u>

N/A - Not Applicable

Source: District records

STILLWATER TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund:			
Property Blanket Building and Contents Including Boiler and Machinery, Inland Marine & Schedules	\$ 250,000,000	Fund Limit	\$ 1,000
Casualty Coverage including General Liability	5,000,000		
School Board Legal Liability	5,000,000		5,000
Excess Liability	5,000,000		AL/GL only
Comprehensive Crime Coverage:			1,000
Theft Disappearance Destruction In & Out	50,000		
Employee Dishonesty & Faithful Performance	400,000		Per Occurrence
Workers Compensation SAIF	5,000,000		
Workers Compensation Supplement	As required by State of NJ		
Student Accident	5,000,000		Full Excess
Selective Insurance Company:			
Treasurer of School Monies	171,000		
Business Administrator/Board Secretary	100,000		

Source: Stillwater Township School District Records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' 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*

The Honorable President and Members
 of the Board of Education
 Stillwater Township School District
 County of Sussex, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Stillwater Township School District, (the "Board") in the County of Sussex as of, and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 5, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts,

The Honorable President and Members
of the Board of Education
Stillwater Township School District
Page 2

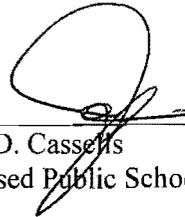
Compliance and Other Matters

and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

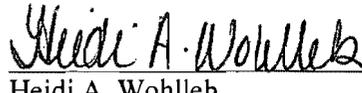
This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

October 5, 2010
Mount Arlington, New Jersey

NISIVOCIA & COMPANY, LLP



John D. Casella
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mount Arlington, NJ 07856
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Stillwater Township School District
 County of, New Jersey

We have audited the compliance of the Board of Education of the Stillwater Board of Education in the County of Sussex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs are the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB.04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010.

The Honorable President and Members
of the Board of Education
Stillwater Township School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

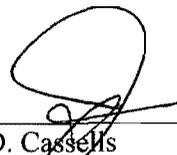
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

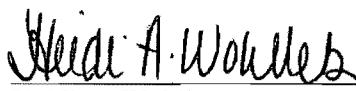
This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

October 5, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY, LLP



John D. Cassells
Licensed Public School Accountant #105



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

STILLWATER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education:													
General Fund:													
American Recovery and Reinvestment Act:													
Equalization Aid - ESF	84.394	N/A	7/1/09-6/30/10	\$ 184,776				\$ 184,776	\$ (184,776)				
Equalization Aid - GSF	84.397	N/A	7/1/09-6/30/10	7,153				7,153	(7,153)				
Total General Fund								191,929	(191,929)				
No Child Left Behind Consolidated Grant:													
Title I	84.010A	NCLB504010	9/1/09-8/31/10	20,240				8,210	(18,777)	\$ 10,567			
Title I	84.010A	NCLB504009	9/1/08-8/31/09	19,385	\$ 4,178			4,178					
Title I - ARRA	84.389	NCLB504010	7/1/09-8/31/11	6,428				4,000	(6,428)	2,428			
Title II, Part A	84.367A	NCLB504010	9/1/09-8/31/10	8,089				1,500	(7,739)	6,239			
Title II, Part A	84.278A	NCLB504008	9/1/08-8/31/09	7,605	3,763			3,763					
Title II, Part D	84.278A	NCLB504010	9/1/09-8/31/10	202				29	(202)	173			
Title II, Part D	84.278A	NCLB504009	9/1/08-8/31/09	161	161			161					
Title IV	84.184	NCLB504010	9/1/09-8/31/10	797					(797)	797			
Title IV	84.184	NCLB504009	9/1/08-8/31/09	822	822			822					
Small Rural School Achievement Program	84.358A	S358A081135	7/1/09-9/30/10	43,384				38,287	(42,722)	4,435			
Small Rural School Achievement Program	84.358A	S358A081135	7/1/08-9/30/09	42,725	21,129			21,339	(210)				
Special Education Cluster:													
IDEA Combined Grant:													
I.D.E.A. Part B, Basic	84.027	IDEA504010	9/1/09-8/31/10	82,780				28,570	(39,873)	11,303			
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA504009	9/1/08-8/31/10	84,103	11,601			54,534	(42,933)				
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA504010	7/1/09-8/31/11	83,332					(81,669)	81,669			
I.D.E.A. Part B, Preschool	84.173	IDEA504010	9/1/09-8/31/10	5,668				2,635	(5,668)	3,033			
I.D.E.A. Part B, Preschool	84.173	IDEA504009	9/1/08-8/31/09	5,683	706			706					
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA504010	7/1/09-8/31/11	3,013				1,633	(3,013)	1,380			
Total Special Education Cluster					12,307			88,078	(170,143)	96,005			
Total Special Fund					42,360			170,367	(250,031)	122,024			
Total U.S. Department of Education					42,360			170,367	(250,031)	122,024			

**STILLWATER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Caryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Agriculture:													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
U.S.D.A Commodities Program	10.555	N/A	7/1/09-6/30/10	\$ 6,444				\$ 6,444	\$ (4,000)		\$ 2,444		
U.S.D.A Commodities Program	10.555	N/A	7/1/08-6/30/09	6,568		\$ 3,074			(3,074)				
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	30,134				28,345	(30,134)	\$ 1,789			
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	22,526	\$ 1,620			1,620					
Total U.S. Department of Agriculture/Child Nutrition Cluster					1,620	3,074		36,409	(37,208)	1,789	2,444		
U.S. Department of Health and Human Services													
Passed-through State Department of Human Services:													
Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	6,710				6,710	(6,710)				
Total U.S. Department of Health and Human Services								6,710	(6,710)				
Total Federal Awards					\$ 43,980	\$ 3,074	\$ -0-	\$ -0-	\$ 405,415	\$ (485,878)	\$ 123,813	\$ 2,444	\$ -0-

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**STILLWATER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Cash Received	Budgetary Expenditures	Balance at June 30, 2010			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor			GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Transportation Aid	09-495-034-5120-014	7/1/08 - 6/30/09	\$ 128,275	\$ 12,747			\$ 12,747						\$ 128,275
Special Education Aid	09-495-034-5120-089	7/1/08 - 6/30/09	191,858	19,065			19,065						191,858
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	1,185,864	117,843			117,843						1,185,864
Categorical Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	28,445	2,827			2,827						28,445
Adjustment Aid	09-495-034-5120-085	7/1/08 - 6/30/09	499,079	49,595			49,595						499,079
Nonpublic Transportation	09-495-035-5120-014	7/1/08 - 6/30/09	852	852			852						852
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	7/1/08 - 6/30/09	233,752	11,631			11,631						233,752
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	103,360				89,032	\$ (103,360)				\$ 14,328	103,360
Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	195,219				168,157	(195,219)				27,062	195,219
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	765,290				659,200	(765,290)				106,090	765,290
Categorical Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	18,206				15,682	(18,206)				2,524	18,206
Adjustment Aid	10-495-034-5120-085	7/1/09 - 6/30/10	394,074				339,445	(394,074)				54,629	394,074
Nonpublic Transportation	N/A	7/1/09 - 6/30/10	282					(282)	\$ 282			282	282
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	242,935				230,934	(242,935)	12,001			12,001	242,935
Total General Fund State Aid				<u>214,560</u>			<u>1,717,010</u>	<u>(1,719,366)</u>	<u>12,283</u>			<u>216,916</u>	<u>3,988,343</u>
Enterprise Fund													
State School Lunch Program	09-100-010-3350-023	9/1/08 - 6/30/09	2,039	140			140						2,039
State School Lunch Program	10-100-010-3350-023	9/1/09 - 6/30/10	2,175				2,043	(2,175)	132			132	2,175
Total Enterprise Fund				<u>140</u>			<u>2,183</u>	<u>(2,175)</u>	<u>132</u>			<u>132</u>	<u>4,214</u>
Total State Awards				<u>\$ 214,700</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 1,719,193</u>	<u>\$ (1,721,541)</u>	<u>\$ 12,415</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 217,048</u>	<u>\$ 4,012,637</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state financial assistance programs of the Board of Education, Stillwater Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting. The information in the schedules is presented in accordance with the requirements of Federal OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,556 for the general fund, and \$-0- for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non-Contributory and Post Retirement Contributions revenue of \$11,001 and \$206,622 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 198,639	\$ 1,934,433	\$ 2,133,072
Special Revenue Fund	250,031		250,031
Food Service Fund	37,208	2,175	39,383
Total Financial Assistance	<u>\$ 485,878</u>	<u>\$ 1,936,608</u>	<u>\$ 2,422,486</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2010.

STILLWATER TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2010 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's major state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 765,290	\$ 765,290
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	195,219	195,219
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	18,206	18,206
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	394,074	394,074

- The threshold for distinguishing Type A and Type B federal programs was \$300,000.
- The threshold for distinguishing Type A and Type B state programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

Not Applicable since federal award expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB 04-04.

STILLWATER TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

There were no prior year audit findings.