

**SCHOOL DISTRICT**  
**OF**  
**STILLWATER TOWNSHIP**

**Stillwater Township School District**  
**Board of Education**  
**Stillwater, Sussex County**  
**New Jersey**

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2011**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Stillwater Township School District**

**Board of Education**

**Stillwater, New Jersey**

**For the Fiscal Year Ending June 30, 2011**

**Prepared by**

**Stillwater Township School District**

**Board of Education**

**Finance Department**



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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

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October 20, 2011

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

Dear Board Members:

The comprehensive annual financial report of the Stillwater Township School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments, and New Jersey's State Treasury Circular Letter 04-04-OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this single audit, including the Auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Stillwater Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB, Statement No. 14. All funds and account groups of the District are included in this report. The Stillwater Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for the disabled youngsters. The District completed the 2010/2011 fiscal year with an average enrollment of 378 students, which is twenty below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2010-11	378	(.05%)
2009-10	398	(.01%)
2008-09	402	(1.2%)
2007-08	407	1.50 %
2006-07	401	(.017%)

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. At this time only one home has been constructed and occupied. 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 the demographic study.

3) MAJOR INITIATIVES: Stillwater School District undertook facility improvements during the 2009/10 fiscal year. The asbestos tiles were removed from the board office and CSA office and new carpet was installed. The roof shingles on the 1986 wing were replaced. The fencing was replaced throughout the grounds.

A new Math & Language Arts 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.

The computer and network infrastructure was updated this summer using federal grant monies and local funds. Apple IPADS were also purchased using federal grant monies for special education teachers.

Student's performance on standardized assessments continues to be excellent.

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

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 federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with 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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reserves of fund balance at June 30, 2011.

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

7) DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt issues included \$0 of the safe schools loan. All debt for the district has been retired.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2". 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.

The Honorable President and Members  
of the Board of Education  
October 20, 2011  
Page 4

9) RISK MANAGEMENT: The Board carried 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.

10) OTHER INFORMATION:

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP was appointed by the Stillwater Board of Education. 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 of 1996 and the related OMB Circular A-133 and New Jersey's Treasure Circular Letter 04-04-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stillwater Township School 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.

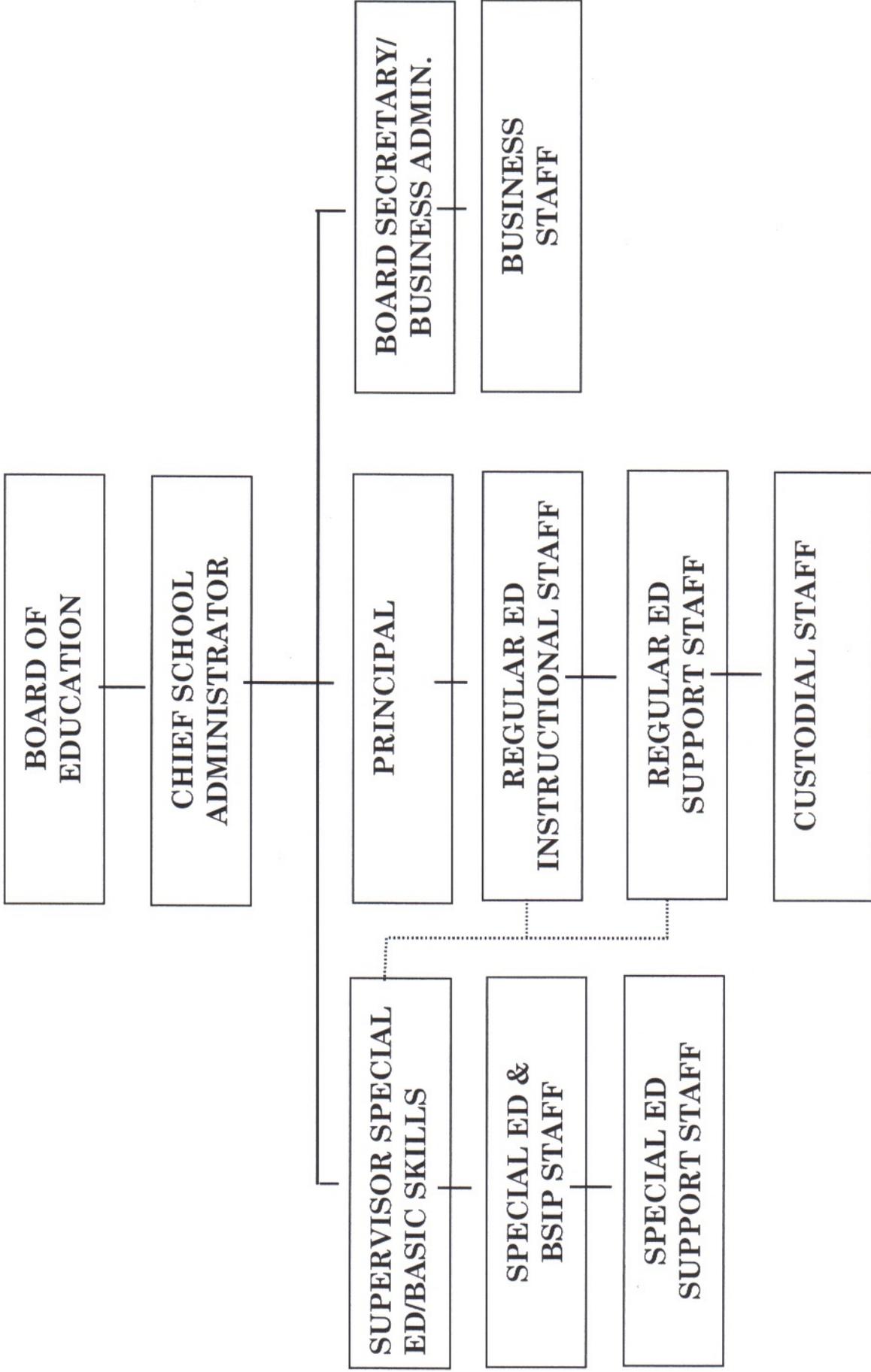
Respectfully submitted,

  
\_\_\_\_\_  
Anna Memmelaar  
Superintendent/Principal

  
\_\_\_\_\_  
Kathy Kane  
Business Administrator/Board Secretary

STILLWATER TOWNSHIP BOARD OF EDUCATION

2121



**STILLWATER TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2011**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Dennis DeGroat, <i>President</i>	2014
Robynn Meehan, <i>Vice-President</i>	2013
Moira Douglas	2014
Michael Grace	2012
Patricia Hendershot	2013
Alan Jones	2014
Shannon Nothstine	2012
Christina Santore	2013
Suzanne Sarner	2012

**Other Officials**

S. William Shelton, *Superintendent of Schools*

Kathy Kane, *Board Secretary/School Business Administrator*

Beth Barile, *Treasurer of School Monies*

**STILLWATER TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

**Ardito & Co., LLP**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**Attorney**

**Schwartz, Simon, Edelstein, Celso & Kessler**  
44 Whippany Rd. Suite 210  
Morristown, New Jersey 07962-2355

**Official Depository**

**Lakeland Bank**  
Stillwater Branch  
Route 94  
Newton, New Jersey 07860

**Valley National Bank**  
410 Route 94  
Newton, New Jersey 07860

# Financial Section

# Independent Auditor's Report





## **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

### **UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENT ENTITY**

#### **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Stillwater Township School District  
County of Sussex  
Newton, New Jersey 07860

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Stillwater Township School District 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 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, business-type activities, and each major fund, and the aggregate remaining fund information of the Stillwater Township School District Board of Education in the County of Sussex, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2011, on our consideration of the Stillwater Township School District Board of Education'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 Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 38 through 50 are not a required part of the basic 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 Stillwater Township School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 tables 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.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Licensed Public School Accountant No. 2369  
ARDITO & CO., LLP

Date: October 20, 2011

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

The discussion and analysis of Stillwater Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets decreased \$8,410, which represents a 0.4 percent decrease from 2010.
- ◆ General revenues accounted for \$3,749,055 in revenue or 59.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,598,625 or 40.9 percent of total revenues of \$6,347,680.
- ◆ Total assets of governmental activities increased by \$105,567 as cash and cash equivalents increased by \$105,077, receivables increased by \$27,839, and capital assets decreased by \$27,366.
- ◆ The School District had \$6,356,090 in expenses; only \$2,598,625 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$3,749,055 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,056,597 in revenues and \$5,999,522 in expenditures. The General Fund's surplus balance increased \$57,075 over 2010, compared to a budgeted decrease of \$406,518.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Stillwater Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Stillwater Township School District, the General Fund is by far the most significant fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 UNAUDITED

**Governmental Funds**

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

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s net assets for 2011 compared to 2010.

**Table 1**  
**Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$961,326	\$828,393
Capital Assets	<u>1,544,578</u>	<u>1,571,944</u>
<b>Total Assets</b>	<u>2,505,904</u>	<u>2,400,337</u>
<b>Liabilities</b>		
Long-Term Liabilities	269,684	251,364
Other Liabilities	<u>74,670</u>	<u>27,275</u>
<b>Total Liabilities</b>	<u>344,354</u>	<u>278,639</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	1,544,578	1,571,944
Restricted	667,955	724,152
Unrestricted	<u>(99,245)</u>	<u>(174,398)</u>
<b>Total Net Assets</b>	<u>\$ 2,113,288</u>	<u>\$ 2,121,698</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 UNAUDITED

Total assets increased \$105,567. Cash and cash equivalents increased by \$105,567 due to additional collections of tuition revenue and under spending in various budget areas. Receivables increased by \$27,839 and capital assets decreased by \$27,366 due to depreciation expense. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$75,153.

Table 2 shows the changes in net assets from fiscal year 2010.

**Table 2**  
**Changes in Net Assets**

	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 157,950	\$ 148,956
Federal and State Capital Grants	16,661	
Operating Grants and Contributions	2,424,014	2,422,486
General Revenues:		
Property Taxes	3,749,704	3,653,568
Investment Earnings	4,420	2,972
Other	(5,069)	26,975
<b>Total Revenues</b>	<u>6,347,680</u>	<u>6,254,957</u>
<b>Program Expenses</b>		
Instruction	3,650,623	3,959,211
Support Services:		
Tuition	97,434	
Student and Instruction Related Services	747,938	678,038
General Administration, School Admin., Business	780,097	715,706
Operations and Maintenance of Facilities	581,981	482,230
Pupil Transportation	300,334	313,927
Charter School		41,737
Business-Type Activities	139,349	146,649
Interest and Fiscal Charges	58,334	74,295
<b>Total Expenses</b>	<u>6,356,090</u>	<u>6,411,793</u>
Increase in Net Assets	<u>\$ (8,410)</u>	<u>\$ (156,836)</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 59.1 percent of revenues for governmental activities for the Stillwater Township School District for the fiscal year 2011.

Instruction comprises 57.4 percent of district expenses. Support services expenses make up 39.5 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Instruction	\$ 3,650,623	\$ 2,121,800	\$ 3,959,211	\$ 3,044,434
Support Services:				
Tuition	97,434	61,926	-	
Pupils and Instructional Staff	747,938	471,707	678,038	675,292
General Administration, School				
Administration, Business	780,097	495,807	715,706	692,203
Operation and Maintenance of Facilities	581,981	369,890	482,230	482,230
Pupil Transportation	300,334	190,883	313,927	212,148
Charter School			41,737	41,737
Business-Type Activities	139,349	3,779	146,649	1,524
Interest and Fiscal Charges	58,334	58,334	74,295	74,295
<b>Total Expenses</b>	<u>\$ 6,356,090</u>	<u>\$ 3,774,126</u>	<u>\$ 6,411,793</u>	<u>\$ 5,223,863</u>

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

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

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

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the unallocated depreciation.

The dependence upon tax revenues is apparent. Over 58.1 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.1 percent. The community, as a whole, is the primary support for the Stillwater Township School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 10 (Balance Sheet/Exhibit B-1) . These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,157,528 and expenditures of \$6,182,242. The net change in fund balance for the year was most significant in the general fund, an increase of \$57,075 due to additional collections of tuition revenue and under spending in various budget areas

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$5,574,259, \$28,647 over original budgeted estimates of \$5,545,612. This difference was due primarily to unplanned tuition revenue.

The General fund revenues and other financing sources of the School District fell short of expenditures by \$15,322, which compares favorably to a planned shortfall of \$406,518.

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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**Capital Assets**

At the end of the fiscal year 2010, the School District had \$1,518,908 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

**Table 4**  
**Capital Assets (Net of Depreciation) at June 30,**

	<u>2011</u>	<u>2010</u>
Land	\$ 180,000	\$ 180,000
Land Improvements	56,853	61,064
Buildings and Improvements	1,135,702	1,186,471
Machinery and Equipment	172,023	144,409
<b>Totals</b>	<b><u>\$ 1,544,578</u></b>	<b><u>\$ 1,571,944</u></b>

Overall capital assets decreased \$27,366 from fiscal year 2010 to fiscal year 2011. Increases in capital assets (primarily buildings and improvements) were offset by depreciation expenses for the year.

\$69,168 in capitalized assets were added during fiscal year 2011.

**Debt Administration**

At June 30, 2011, the School District had \$269,684 as long-term obligations in the form of compensated absences.

At June 30, 2011, the School District's overall legal debt margin was \$14,370,366 and the unvoted debt margin was the same at \$14,370,366.

**For the Future**

The Stillwater Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes. Future finances are not without challenges as the community continues to grow and state funding is decreased.

Stillwater Township School District successfully passed the 2011-2012 school budget. It has been increasingly difficult to balance educational needs with increases in property tax rates. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Stillwater Township School District. The Stillwater Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED

In conclusion, the Stillwater Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Kathy Kane, School Business Administrator/ Board Secretary at Stillwater Township School District, 904 Stillwater Road, Stillwater, NJ, 07875, (973) 383-8954.

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2011

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$387,640	\$32,317	\$419,957
Receivables, Net	170,086		170,086
Inventory		4,231	4,231
Restricted Assets:			
Capital Reserve Account - Cash	367,052		367,052
Capital Assets, Net (Note 5):	1,518,908	25,670	1,544,578
<b>Total Assets</b>	<b>2,443,686</b>	<b>62,218</b>	<b>2,505,904</b>
<b>LIABILITIES</b>			
Accounts Payable	47,793	469	48,262
Deferred Revenue	72,388	2,282	74,670
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	269,684		269,684
<b>Total Liabilities</b>	<b>389,865</b>	<b>2,751</b>	<b>392,616</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,518,908	25,670	1,544,578
Restricted for:			
Other Purposes	629,349		629,349
Capital Projects Fund	38,606		38,606
Unrestricted	(133,042)	33,797	(99,245)
<b>Total Net Assets</b>	<b>\$2,053,821</b>	<b>\$59,467</b>	<b>\$2,113,288</b>

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 2,875,287	\$ 58,309	\$ 1,187,959	\$ (1,629,019)		\$ (1,629,019)
Special Education	568,226		207,078	(361,148)		(361,148)
Other Special Instruction	207,110		75,477	(131,633)		(131,633)
Support Services:						
Tuition	97,434		35,508	(61,926)		(61,926)
Student & Instruction Related Serv.	747,938		276,231	(471,707)		(471,707)
School Administrative Services	190,509		69,427	(121,082)		(121,082)
General and Business Admin. Serv.	589,588		214,863	(374,725)		(374,725)
Plant Operations and Maintenance	581,981		212,091	(369,890)		(369,890)
Pupil Transportation	300,334		109,451	(190,883)		(190,883)
Unallocated Depreciation	58,334			(58,334)		(58,334)
Total Governmental Activities	6,216,741	58,309	2,388,085	(3,770,347)		(3,770,347)
Business-Type Activities:						
Food Service	139,349	\$ 99,641	35,929		\$ (3,779)	(3,779)
Total Business-Type Activities	139,349	99,641	35,929		(3,779)	(3,779)
Total Primary Government	\$ 6,356,090	\$ 157,950	\$ 2,424,014	\$ (3,770,347)	\$ (3,779)	\$ (3,774,126)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net				\$ 3,749,704		\$ 3,749,704
Federal and State Capital Grants				16,661		16,661
Investment Earnings				4,279	\$ 141	4,420
Miscellaneous Income					(5,069)	(5,069)
Total General Revenues, Special Items, Extraor. Items a				3,770,644	(4,928)	3,765,716
Change in Net Assets				297	(8,707)	(8,410)
Net Assets—Beginning (As Restated)				2,053,524	68,174	2,121,698
Net Assets—Ending				\$ 2,053,821	\$ 59,467	\$ 2,113,288

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2011

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 693,807		\$ 60,885	\$ 754,692
Receivables from Other Governments	12,860	\$ 133,114	16,661	162,635
Accounts Receivable, Net	7,451			7,451
Interfund Receivables	66,326			66,326
<b>TOTAL ASSETS</b>	<b>\$ 780,444</b>	<b>\$ 133,114</b>	<b>\$ 77,546</b>	<b>\$ 991,104</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 8,853		\$ 38,940	\$ 47,793
Interfund Payable		\$ 66,326		66,326
Deferred Revenue	5,600	66,788		72,388
<b>Total Liabilities</b>	<b>14,453</b>	<b>133,114</b>	<b>38,940</b>	<b>186,507</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Capital Reserve Account	367,052			367,052
Excess Surplus	218,734			218,734
Excess Surplus - Designated for Subsequent Year's Expenditures	43,563			43,563
<u>Assigned to:</u>				
Year-End Encumbrances	60,920	-		60,920
Capital Projects Fund			38,606	38,606
Debt Service Fund				-
<u>Unassigned:</u>				
General Fund - Unreserved, Undesignated	75,722	-		75,722
<b>Total Fund Balances</b>	<b>765,991</b>	<b>-</b>	<b>38,606</b>	<b>804,597</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 780,444</b>	<b>\$ 133,114</b>	<b>\$ 77,546</b>	<b>\$ 991,104</b>

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,639,597 and the accumulated depreciation is \$3,120,689

\$ 1,518,908

Long-term liabilities, such as bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(269,684)

Net assets of governmental activities

\$ 2,053,821

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 3,749,704			\$ 3,749,704
Tuition	58,309			
Interest on Capital Reserve	1,201			
Miscellaneous	3,078			3,078
<b>Total - Local Sources</b>	<u>3,812,292</u>			<u>3,752,782</u>
<b>State Sources</b>	2,236,038		\$ 16,661	2,252,699
<b>Federal Sources</b>	8,267	\$ 143,780		152,047
<b>Total Revenues</b>	<u><b>6,056,597</b></u>	<u><b>143,780</b></u>	<u><b>16,661</b></u>	<u><b>6,157,528</b></u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	1,992,961	140,120		2,133,081
Special Education Instruction	426,817			426,817
Other Special Instruction	155,569			155,569
Support services and undistributed costs:				
Tuition	97,434			97,434
Student and Instruction Related Services	558,146	3,660		561,806
School Administrative Services	143,099			143,099
Other Administrative Services	440,791			440,791
Plant Operations and Maintenance	436,158			436,158
Pupil Transportation	300,334			300,334
Unallocated Benefits	1,415,272			1,415,272
Transfer to Charter School				
<b>Debt Service:</b>				
Principal				
Interest and Other Charges				
<b>Capital Outlay</b>	32,941		38,940	71,881
<b>Total Expenditures</b>	<u><b>5,999,522</b></u>	<u><b>143,780</b></u>	<u><b>38,940</b></u>	<u><b>6,182,242</b></u>
Excess (Deficiency) of Revenues Over Expenditures	<u>57,075</u>		<u>(22,279)</u>	<u>(24,714)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Capital Fund	(42,912)		\$ 42,912	
<b>Total Other Financing Sources and Uses</b>	<u>(42,912)</u>		<u>42,912</u>	
Net Change in Fund Balances	14,163		20,633	34,796
Fund Balance—July 1	751,828		17,973	769,801
<b>Fund Balance—June 30</b>	<u><b>\$ 765,991</b></u>		<u><b>\$ 38,606</b></u>	<u><b>\$ 804,597</b></u>

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 34,796

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (85,347)	
Capital Outlays	<u>69,168</u>	(16,179)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. (18,320)

**Change in Net Assets of Governmental Activities** \$ 297

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

STILLWATER TOWNSHIP SCHOOL DISTRICT  
**STATEMENT OF PROPRIETARY NET ASSETS**  
**PROPRIETARY FUNDS**

June 30, 2011

		<b>Business-Type Activities - Enterprise Funds</b>	
		<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents		\$ 32,317	\$ 32,317
Accounts Receivable			
Interfund Receivables			
Inventories		4,231	4,231
<b>Total Current Assets</b>		36,548	36,548
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		104,814	104,814
Less Accumulated Depreciation		(79,144)	(79,144)
<b>Total Noncurrent Assets</b>		25,670	25,670
<b>Total Assets</b>		62,218	62,218
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		469	469
Deferred Revenue		2,282	2,282
<b>Total Liabilities</b>		2,751	2,751
<b>NET ASSETS</b>			
Unrestricted		59,467	59,467
<b>Total Net Assets</b>		\$ 59,467	\$ 59,467

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2011

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 76,977	\$ 76,977
Daily Sales - Non-Reimbursable Programs	22,664	22,664
Miscellaneous	158	158
<b>Total Operating Revenues</b>	<u>99,799</u>	<u>99,799</u>
<b>Operating Expenses:</b>		
Cost of Sales	57,285	57,285
Salaries and Wages	54,117	54,117
Employee Benefits	12,458	12,458
Other Purchased Professional Services	7,462	7,462
Miscellaneous	1,926	1,926
Depreciation	6,101	6,101
<b>Total Operating Expenses</b>	<u>139,349</u>	<u>139,349</u>
Operating Income (Loss)	<u>(39,550)</u>	<u>(39,550)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,717	1,717
Federal Sources:		
National School Lunch Program	28,425	28,425
Food Distribution Program	5,787	5,787
<b>Total Nonoperating Revenues (Expenses)</b>	<u>35,929</u>	<u>35,929</u>
Income (Loss) Before Contributions and Transfers	(3,621)	(3,621)
Net Book Value of Fixed Asset Deletions	(5,086)	(5,086)
Change in Net Assets	<u>(8,707)</u>	<u>(8,707)</u>
Total Net Assets—Beginning	68,174	68,174
<b>Total Net Assets—Ending</b>	<u>\$ 59,467</u>	<u>\$ 59,467</u>

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 99,799	\$ 99,799
Payments to Employees	(54,117)	(54,117)
Payments for Employee Benefits	(12,458)	(12,458)
Payments to Suppliers	(60,596)	(60,596)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(27,372)</b>	<b>(27,372)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	1,849	1,849
Federal Sources	30,214	30,214
Operating Subsidies and Transfers to Other Funds	-	-
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>32,063</b>	<b>32,063</b>
Net Increase (Decrease) in Cash and Cash Equivalents	4,691	4,691
Balances—Beginning of Year	27,626	27,626
<b>Balances—End of Year</b>	<b>32,317</b>	<b>32,317</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	(39,550)	(39,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	-	-
Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	6,101	6,101
Federal Commodities	5,787	5,787
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	(179)	(179)
Increase (Decrease) in Accounts Payable	469	469
Total Adjustments	12,178	12,178
Net Cash Provided by (used for) Operating Activities	\$ (27,372)	\$ (27,372)

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2011

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$47,608</u>	<u>\$36,512</u>
<b>Total Assets</b>	<u>\$47,608</u>	<u>\$36,512</u>
<b>LIABILITIES</b>		
Payable to Student Groups		\$5,725
Payroll Deductions and Withholdings		30,771
Accounts Payable		<u>16</u>
<b>Total Liabilities</b>		<u>\$36,512</u>
<b>NET ASSETS</b>		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$47,608</u>	

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2011

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 10,322
Plan Member	<u>5,629</u>
Total Contributions	<u>15,951</u>
Investment Earnings:	
Interest	<u>190</u>
Net Investment Earnings	<u>190</u>
<b>Total Additions</b>	<u>16,141</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	<u>24,720</u>
<b>Total Deductions</b>	<u>24,720</u>
Change in Net Assets	(8,579)
Net Assets—Beginning of the Year	<u>56,187</u>
<b>Net Assets—End of the Year</b>	<u><u>\$ 47,608</u></u>

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

# Notes to Financial Statements

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2010.

**A. Reporting Entity:**

The Stillwater Township School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Stillwater Township School District had an approximate enrollment at June 30, 2011, of 381 students.

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

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*District-wide Statements:* The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*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.

**GOVERNMENTAL FUNDS**

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.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, 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. These resources can be transferred from and to Current Expense by board resolution.

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be 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 include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval 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, except for the special revenue funds. 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 approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget 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 budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

**D. Encumbrance Accounting:**

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

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

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in 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.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**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.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists 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.

**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. A fund balance reserve has been established for encumbrances.

**Revenues—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, income 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 income taxes is recognized in the period in which the income is earned. 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 available as an advance, interest and tuition.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues 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.

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2011, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$367,052		\$367,052
Checking	<u>419,957</u>	<u>\$84,120</u>	<u>504,077</u>
	<u>\$787,009</u>	<u>\$84,120</u>	<u>\$871,129</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$516,364 and the bank balance was \$673,754. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$423,754 was covered by collateral pool.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

**Investments:**

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

In order to maximize liquidity, the district utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

**The district had no investment balance as of June 30, 2011.**

**Custodial Credit Risk:** Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The district does not have a policy for custodial credit risk.

**Credit Risk:** The district does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

**Interest Rate Risk:** The district does not have a policy to limit interest rate risk. The average maturity of the district's investments is less than one year.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2011, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$29,521	\$29,521
Federal Aid	133,114	133,114
Local	<u>7,451</u>	<u>7,451</u>
Gross Receivable	\$170,086	\$170,086
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$170,086</u>	<u>\$170,086</u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food	\$1,153
Supplies	<u>3,078</u>
	<u>\$4,231</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 180,000			\$ 180,000
Land Improvements	220,327			220,327
Buildings and Building Improvements	3,557,159			3,557,159
Machinery and Equipment	612,943	\$ 69,168		682,111
Total at Historical Cost	<u>4,570,429</u>	<u>69,168</u>	-	<u>4,639,597</u>
Less Accumulated Depreciation for:				
Land Improvements	(159,263)	(4,211)		(163,474)
Building and Improvements	(2,370,688)	(50,769)		(2,421,457)
Equipment	(505,391)	(30,367)		(535,758)
Total Accumulated Depreciation	<u>(3,035,342)</u>	<u>(85,347)</u>		<u>(3,120,689)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>1,535,087</u>	<u>(16,179)</u>		<u>1,518,908</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 1,535,087</u></b>	<b><u>\$ (16,179)</u></b>		<b><u>\$ 1,518,908</u></b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 5: CAPITAL ASSETS (Continued)**

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 23,950
School Administration	2,072
Plant and Operations	991
Unallocated	58,334
Total	<u>\$ 85,347</u>

**NOTE 6: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Balance <u>7/1/10</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/11</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$251,364	\$23,132	(\$4,812)	\$269,684	
<b>Total Other Liabilities</b>	<u>\$5,001,142</u>	<u>\$23,132</u>	<u>(4,812)</u>	<u>\$269,684</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2011.

The district had no bonds authorized but not issued as of June, 30, 2011.

The district had no capital lease liabilities as of June, 30, 2011.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 7: PENSION PLANS**

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

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

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

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 7: PENSION PLANS (Continued)**

**Significant Legislation** - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2011	\$42,937	100 %	-0-
6/30/2010	\$34,718	100	-0-
6/30/2009	\$29,958	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2011	-0-	100 %	-0-
6/30/2010	-0-	100	-0-
6/30/2009	-0-	100	-0-

During the fiscal year ended June 30, 2011, the State of New Jersey did contribute \$214,366 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$238,487 during the year ended June 30, 2011, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8: 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, 2010, there were 87,288 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide any post-employment benefits other than pension.

**NOTE 9: 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable  
Financial Planning

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 10: 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.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

In the district-wide *Statement of 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.

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, 2011, no liability existed for compensated absences in the proprietary fund types.

**NOTE 11: RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$10,512	\$5,629	\$24,720	\$47,608
2009-2010	\$30,273	\$5,561	\$10,843	\$56,187
2008-2009	\$460	\$5,352	\$217	\$31,196

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the 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**

In the normal course of operations, the Board is involved in various civil disputes. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$765,991 General Fund fund balance at June 30, 2011, \$60,920 is reserved for encumbrances; \$262,297 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$43,563 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012), \$367,052 has been reserved in the Capital Reserve Account; and, \$75,722 is unreserved and undesignated.

Capital Projects Fund - Of the \$38,606 Capital Fund fund balance at June 30, 2011, \$38,606 is unreserved and undesignated.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of Stillwater Board of Education by inclusion in the FY 2000-2001 budget 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.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 14: CAPITAL RESERVE ACCOUNT (Continued)**

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 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:23-2.13(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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 359,810
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/27/2011	60,000
Budgeted Withdrawals	(110,000)
Return of Unspent Capital Projects Funds	56,041
Interest Earnings	1,201
Ending Balance, June 30, 2011	<u>\$ 367,052</u>

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$218,734.

**NOTE 16: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2011:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 66,326	
Special Revenue Fund		\$ 66,326
Total	<u>\$ 66,326</u>	<u>\$ 66,326</u>

The special revenue fund owes the general fund for cash advances in anticipation of federal grant receipts.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 19: RETROACTIVE RESTATEMENT OF NET ASSETS**

**Restatement of Prior Period:**

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2011. The appraisal revealed asset activity that should be recorded as of June 30, 2010. Accordingly, a restatement of net assets as of June 30, 2010 was necessary.

<u>Governmental Activities Net Assets:</u>	
Net Assets (per A-1), June 30, 2010	\$ 2,096,063
Restatement of Capital Assets	<u>(42,539)</u>
Fund balance (per A-1), June 30, 2010, as Restated	<u>\$ 2,053,524</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 3,749,704		\$ 3,749,704	\$ 3,749,704	
Tuition	26,250		26,250	58,309	32,059
Interest on Capital Reserve	1,000		1,000	1,201	201
Miscellaneous	10,000		10,000	3,078	(6,922)
<b>Total - Local Sources</b>	<b>3,786,954</b>		<b>3,786,954</b>	<b>3,812,292</b>	<b>25,338</b>
<b>State Sources:</b>					
Special Education Aid	188,487		188,487	188,487	
Equalization Aid	1,015,522		1,015,522	1,015,522	
Transportation Aid	153,214		153,214	153,214	
Security Aid	33,024		33,024	33,024	
Adjustment Aid	362,583		362,583	362,583	
Other State Aid - Non-public Transportation Aid				870	870
TPAF Pension (On-Behalf - Non-Budgeted)				214,366	214,366
TPAF Social Security (Reimbursed - Non-Budgeted)				238,487	238,487
<b>Total State Sources</b>	<b>1,752,830</b>		<b>1,752,830</b>	<b>2,206,553</b>	<b>453,723</b>
<b>Federal Sources:</b>					
Medical Assistance Program (SEMI)	5,828		5,828	8,267	2,439
<b>Total Federal Sources</b>	<b>5,828</b>		<b>5,828</b>	<b>8,267</b>	<b>2,439</b>
<b>TOTAL REVENUES</b>	<b>5,545,612</b>		<b>5,545,612</b>	<b>6,027,112</b>	<b>481,500</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	216,871	41,900	258,771	258,550	221
Grades 1-5 - Salaries of Teachers	1,563,878	(184,969)	1,378,909	1,353,694	25,215
Grades 6-8 - Salaries of Teachers	260,244	48,500	308,744	308,348	396
<b>Regular Programs - Undistributed Instruction</b>					
General Supplies	69,255	5,670	74,925	68,543	6,382
Textbooks	30,985		30,985	3,706	27,279
Other Objects	200		200	120	80
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,141,433</b>	<b>(88,899)</b>	<b>2,052,534</b>	<b>1,992,961</b>	<b>59,573</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	289,787	62,000	351,787	346,183	5,604
General Supplies	1,000		1,000	190	810
<b>Total Resource Room/Resource Center</b>	<b>290,787</b>	<b>62,000</b>	<b>352,787</b>	<b>346,373</b>	<b>6,414</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	58,930		58,930	58,780	150
Other Salaries for Instruction	30,990	(498)	30,492	21,166	9,326
General Supplies	535		535		535
<b>Total Resource Room/Resource Center</b>	<b>90,455</b>	<b>(498)</b>	<b>89,957</b>	<b>79,946</b>	<b>10,011</b>
<b>Home Instruction :</b>					
Salaries of Teachers		498	498	498	
<b>Total Home Instruction</b>		<b>498</b>	<b>498</b>	<b>498</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>381,242</b>	<b>62,000</b>	<b>443,242</b>	<b>426,817</b>	<b>16,425</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	175,466	(35,415)	140,051	138,006	2,045
<b>Total Basic Skills/Remedial - Instruction</b>	<b>175,466</b>	<b>(35,415)</b>	<b>140,051</b>	<b>138,006</b>	<b>2,045</b>
<b>School-Sponsored Co/Extra-Curr. Activities-Instruction:</b>					
Salaries	14,250	3,029	17,279	17,279	
General Supplies	1,000	(716)	284	284	
Other Objects	1,500	(1,500)			
<b>Total School-Sponsored Co/Extra-Curr. Act.-Instruction</b>	<b>16,750</b>	<b>813</b>	<b>17,563</b>	<b>17,563</b>	
<b>TOTAL INSTRUCTION</b>	<b>2,714,891</b>	<b>(61,501)</b>	<b>2,653,390</b>	<b>2,575,347</b>	<b>78,043</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Special	22,011	3,125	25,136	25,136	
Tuition to Priv. Sch. For the Disabled W/I State	37,451	36,952	74,403	72,298	2,105
<b>Total Instruction</b>	<b>59,462</b>	<b>40,077</b>	<b>99,539</b>	<b>97,434</b>	<b>2,105</b>
<b>Health Services:</b>					
Salaries	71,715	890	72,605	72,605	
Purchased Professional and Technical Services	4,200	(890)	3,310	2,626	684
Supplies and Materials	1,650		1,650	852	798
Other Objects	950	132	1,082	702	380
<b>Total Health Services</b>	<b>78,515</b>	<b>132</b>	<b>78,647</b>	<b>76,785</b>	<b>1,862</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	79,480		79,480	79,480	
Purchased Professional - Educational Services	11,000	3,425	14,425	14,425	
Supplies and Materials	350	(175)	175		175
<b>Total Other Supp. Services Students-Related Services</b>	<b>90,830</b>	<b>3,250</b>	<b>94,080</b>	<b>93,905</b>	<b>175</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	60,322	(15,956)	44,366	41,680	2,686
<b>Total Other Supp. Services Students-Extra Services</b>	<b>60,322</b>	<b>(15,956)</b>	<b>44,366</b>	<b>41,680</b>	<b>2,686</b>
<b>Other Supp. Services Students-Regular:</b>					
Purchased Professional and Technical Services		1,138	1,138	1,138	
<b>Total Other Supp. Services Students-Regular</b>		<b>1,138</b>	<b>1,138</b>	<b>1,138</b>	
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	200,307	(1,730)	198,577	192,057	6,520
Salaries of Secretarial and Clerical Assistants	71,086	7,612	78,698	78,698	
Purchased Professional - Educational Services	2,000	1,368	3,368	3,368	
Other Purchased Services (400-500 series)	300	200	500	140	360
Supplies and Materials	500		500	450	50
Other Objects	1,025		1,025	900	125
<b>Total Other Supp. Services Students-Special</b>	<b>275,218</b>	<b>7,450</b>	<b>282,668</b>	<b>275,613</b>	<b>7,055</b>
<b>Improvement of Instruction Services:</b>					
Purchased Professional - Educational Services	4,300	1,543	5,843	5,843	
<b>Total Improvement of Instruction Services</b>	<b>4,300</b>	<b>1,543</b>	<b>5,843</b>	<b>5,843</b>	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Educational Media Services/School Library:</b>					
Salaries	51,420		51,420	51,030	390
Supplies and Materials	7,750		7,750	6,658	1,092
Other Objects	510		510	450	60
<b>Total Educational Media Services/School Library</b>	<b>59,680</b>		<b>59,680</b>	<b>58,138</b>	<b>1,542</b>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	8,000	3,500	11,500	5,044	6,456
<b>Total Instructional Staff Training Services</b>	<b>8,000</b>	<b>3,500</b>	<b>11,500</b>	<b>5,044</b>	<b>6,456</b>
<b>Supp. Services - General Administration:</b>					
Salaries	208,718		208,718	204,395	4,323
Legal Services	11,000	4,000	15,000	13,437	1,563
Audit Fees	10,000	1,000	11,000	11,000	
Other Purchased Professional Services		500	500	500	
Communications/Telephone	9,308		9,308	4,275	5,033
Board of Ed. Other Purchased Services	750		750	220	530
Other Purchased Services (400-500 series)	33,147	2,344	35,491	35,417	74
General Supplies	2,176	575	2,751	2,751	
Board of Ed. In-House Training/Meeting Supplies	75	475	550	516	34
Miscellaneous Expenditures	4,750	(1,018)	3,732	2,456	1,276
Board of Ed. Dues and Fees	5,372	(300)	5,072	3,694	1,378
<b>Total Supp. Services - General Administration</b>	<b>285,296</b>	<b>7,576</b>	<b>292,872</b>	<b>278,661</b>	<b>14,211</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	115,066		115,066	115,066	
Salaries of Secretarial and Clerical Assistants	24,527	2,343	26,870	19,442	7,428
Purchased Professional and Technical Services	2,500	657	3,157	3,157	
Other Purchased Services (400-500 series)	800		800	717	83
Supplies and Materials	6,530	4,000	10,530	3,602	6,928
Other Objects	1,200	4,000	5,200	1,115	4,085
<b>Total Support Services - School Administration</b>	<b>150,623</b>	<b>11,000</b>	<b>161,623</b>	<b>143,099</b>	<b>18,524</b>
<b>Central Services:</b>					
Salaries	132,583		132,583	130,893	1,690
Purchased Professional Services	16,800	818	17,618	17,225	393
Miscellaneous Purchased Services (400-500 series)	600	182	782	782	
Supplies and Materials	1,000	3,000	4,000	1,209	2,791
Other Objects	1,800	171	1,971	1,521	450
<b>Total Central Services</b>	<b>152,783</b>	<b>4,171</b>	<b>156,954</b>	<b>151,630</b>	<b>5,324</b>
<b>Administrative Information Technology:</b>					
Purchased Technical Services	11,500	2,829	14,329	10,500	3,829
<b>Total Administrative Information Technology</b>	<b>11,500</b>	<b>2,829</b>	<b>14,329</b>	<b>10,500</b>	<b>3,829</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	74,238	992	75,230	74,345	885
Cleaning, Repair and Maintenance Services	26,250	1,080	27,330	11,415	15,915
General Supplies	6,000	(3,000)	3,000	2,921	79
<b>Total Required Maintenance for School Facilities</b>	<b>106,488</b>	<b>(928)</b>	<b>105,560</b>	<b>88,681</b>	<b>16,879</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	99,824	19,100	118,924	112,487	6,437
Purchased Professional and Technical Services	3,500		3,500	2,399	1,101
Cleaning, Repair and Maintenance Services	58,085	4,578	62,663	56,422	6,241
Insurance	20,000	(3,216)	16,784	16,784	
Miscellaneous Purchased Services	3,050		3,050	1,537	1,513
General Supplies	15,950	3,493	19,443	19,303	140
Energy (Electricity)	60,000	(7,800)	52,200	50,888	1,312
Energy (Oil)	90,000	(3,493)	86,507	86,153	354
Other Objects	1,575		1,575	1,504	71
<b>Total Other Operations and Maintenance of Plant</b>	<b>351,984</b>	<b>12,662</b>	<b>364,646</b>	<b>347,477</b>	<b>17,169</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Management Fee - ESC & CTSA Trans. Program	3,000		3,000	105	2,895
Other Purchased Professional and Technical Services	900		900	899	1
Contr Serv. - Aid in Lieu Payments	4,200		4,200	3,024	1,176
Contracted Services (Between Home and School)-Vendors	280,000	(50)	279,950	273,125	6,825
Contracted Services (Other than Between Home and School)-Vendors	8,000	50	8,050	8,050	
Contracted Services (Special Education Students)-Joint Agrmnts.		12,500	12,500	12,500	
Contracted Services (Special Education Students)-ESC's & CTSA's	70,000	(44,231)	25,769	2,631	23,138
<b>Total Student Transportation Services</b>	<b>366,100</b>	<b>(31,731)</b>	<b>334,369</b>	<b>300,334</b>	<b>34,035</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	55,363		55,363	49,072	6,291
Other Retirement Contributions - Regular	41,412	10,495	51,907	42,937	8,970
Unemployment Compensation	10,322	20,000	30,322	10,322	20,000
Workmen's Compensation	57,000	344	57,344	49,291	8,053
Health Benefits	886,781	(31,900)	854,881	782,317	72,564
Tuition Reimbursement	14,000		14,000	10,320	3,680
Other Employee Benefits		19,025	19,025	18,160	865
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,064,878</b>	<b>17,964</b>	<b>1,082,842</b>	<b>962,419</b>	<b>120,423</b>
On-behalf TPAF pension Contrib. (non-budgeted)				214,366	(214,366)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				238,487	(238,487)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>452,853</b>	<b>(452,853)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>1,064,878</b>	<b>17,964</b>	<b>1,082,842</b>	<b>1,415,272</b>	<b>(332,430)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,125,979</b>	<b>64,677</b>	<b>3,190,656</b>	<b>3,391,234</b>	<b>(200,578)</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>5,840,870</b>	<b>3,176</b>	<b>5,844,046</b>	<b>5,966,581</b>	<b>(122,535)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Undistributed Expenditures-General Admin.	45,000	(8,741)	36,259	28,968	7,291
Undistributed Expenditures-School Adiministration		10,854	10,854		10,854
<b>Total Equipment</b>	<b>45,000</b>	<b>2,113</b>	<b>47,113</b>	<b>28,968</b>	<b>18,145</b>
<b>Facilities Acquisition and Construction Serv.:</b>					
Other Purchased Professional and Technical Services	1,260		1,260	1,260	
Construction Services	65,000	(45,625)	19,375		19,375
Other Objects		2,713	2,713	2,713	
<b>Total Facilities Acquisition and Construction Serv.</b>	<b>66,260</b>	<b>(42,912)</b>	<b>23,348</b>	<b>3,973</b>	<b>19,375</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>111,260</b>	<b>(40,799)</b>	<b>70,461</b>	<b>32,941</b>	<b>37,520</b>
Transfer of Funds to Charter Schools					
<b>TOTAL EXPENDITURES</b>	<b>5,952,130</b>	<b>(37,623)</b>	<b>5,914,507</b>	<b>5,999,522</b>	<b>(85,015)</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(406,518)	37,623	(368,895)	27,590	396,485
<b>Other Financing Sources:</b>					
<b>Operating Transfer In/(Out):</b>					
Transfer to Capital Projects Fund		(42,912)	(42,912)	(42,912)	
<b>Total Other Financing Sources:</b>		(42,912)	(42,912)	(42,912)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(406,518)	(5,289)	(411,807)	(15,322)	396,485
<b>Fund Balance, July 1</b>	956,461		956,461	956,461	
<b>Fund Balance, June 30</b>	<b>\$ 549,943</b>	<b>\$ (5,289)</b>	<b>\$ 544,654</b>	<b>\$ 941,139</b>	<b>\$ 396,485</b>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 367,052	
Excess Surplus				218,734	
Excess Surplus- Designated for Subsequent Year's Expenditures				43,563	
<b>Assigned to:</b>					
Year-End Encumbrances				60,920	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>250,870</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				941,139	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(175,148)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 765,991</u>	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2011

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Federal Sources	\$ 146,595	\$ 63,973	\$ 210,568	\$ 143,780	\$ (66,788)
<b>Total Revenues</b>	<b>146,595</b>	<b>63,973</b>	<b>210,568</b>	<b>143,780</b>	<b>(66,788)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Instructional Salaries	5,385	68,095	73,480	40,160	33,320
Other Salaries for Instruction		26,468	26,468	26,468	
Purchased Prof. & Tech. Services	7,500	13,790	21,290	17,535	3,755
Supplies	54,313	21,062	75,375	55,957	19,418
<b>Total Instruction</b>	<b>67,198</b>	<b>129,415</b>	<b>196,613</b>	<b>140,120</b>	<b>56,493</b>
<b>Support Services</b>					
Salaries of Other Professional Staff	78,640	(64,685)	13,955	3,660	10,295
Purchased Educational Services	757	(757)			
<b>Total Support Services</b>	<b>79,397</b>	<b>(65,442)</b>	<b>13,955</b>	<b>3,660</b>	<b>10,295</b>
Total Expenditures	146,595	63,973	210,568	143,780	66,788
<b>Total Outflows</b>	<b>\$ 146,595</b>	<b>\$ 63,973</b>	<b>\$ 210,568</b>	<b>\$ 143,780</b>	<b>66,788</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>					None
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis					None
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					None

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2011

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 6,027,112	\$ 143,780
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	204,633	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(175,148)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 6,056,597</u>	<u>\$ 143,780</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 5,999,522	\$ 143,780
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	N/A
Current Year Encumbrances	N/A	N/A
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 5,999,522</u>	<u>\$ 143,780</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2011

	<b>Title I</b>	<b>Title I I Part A</b>	<b>Title I I Part D</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>ARRA IDEA Basic</b>	<b>REAP</b>	<b>Totals</b>
<b>REVENUES</b>								
Federal Sources	\$18,093	\$ 8,177	\$ 56	\$74,497	\$ 4,475	\$ 1,663	\$ 36,819	\$ 143,780
<b>TOTAL REVENUES</b>	<b>18,093</b>	<b>8,177</b>	<b>56</b>	<b>74,497</b>	<b>4,475</b>	<b>1,663</b>	<b>36,819</b>	<b>143,780</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Instructional Salaries	10,000			30,160				40,160
Other Salaries for Instruction				26,468				26,468
Purchased Prof. & Tech. Services	750	2,000		7,040	4,000		3,745	17,535
Supplies	7,343	6,177	56	7,169	475	1,663	33,074	55,957
<b>Total Instruction</b>	<b>18,093</b>	<b>8,177</b>	<b>56</b>	<b>70,837</b>	<b>4,475</b>	<b>1,663</b>	<b>36,819</b>	<b>140,120</b>
<b>Support Services:</b>								
Salaries of Other Professional Staff				3,660				3,660
<b>Total Support Services</b>				<b>3,660</b>				<b>3,660</b>
<b>TOTAL EXPENDITURES</b>	<b>18,093</b>	<b>8,177</b>	<b>56</b>	<b>74,497</b>	<b>4,475</b>	<b>1,663</b>	<b>36,819</b>	<b>143,780</b>
<b>Total Outflows</b>	<b>18,093</b>	<b>8,177</b>	<b>56</b>	<b>74,497</b>	<b>4,475</b>	<b>1,663</b>	<b>36,819</b>	<b>143,780</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>								

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2011

	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2011</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Construction of Additions to and Upgrading of Existing Facilities.	Board of Education	2/10/2005	\$ 113,820	\$ 82,018	\$ 64,045		\$ 17,973
Roof Replacement Project	Board of Education	6/8/2009	97,973	41,653		\$ 38,940	2,713
Totals				\$ 123,671	\$ 64,045	\$ 38,940	\$ 20,686
							Overfunded Local Share on Roof Replacement <u>17,920</u>
						Fund Balance	<u>\$ 38,606</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2011

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$ 16,661
Transfer from Capital Reserve	42,912
Total Revenues	<u>59,573</u>

**Expenditures and Other Financing**

**Sources**

Construction services	<u>38,940</u>
Total Expenditures	<u>38,940</u>

Excess(deficiency) of revenues over(under)  
expenditures

20,633

Fund Balance - Beginning

17,973

Fund Balance - Ending

\$ 38,606

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**CONSTRUCTION OF ADDITIONS TO UPGRADING OF EXISTING FACILITIES**

From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 25,618		\$ 25,618	\$ 25,618
Transfer from Capital Reserve	56,400		56,400	56,400
Total Revenues	<u>82,018</u>		<u>82,018</u>	<u>82,018</u>
<b>Expenditures and Other Financing Sources</b>				
Construction services	64,045		64,045	82,018
Total Expenditures	<u>64,045</u>		<u>64,045</u>	<u>82,018</u>
Excess(deficiency) of revenues over(under) expenditures	\$ 17,973	-	\$ 17,973	

**Additional project information:**

Project number	5040-050-04-3000
Grant Date	02/10/05
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$113,820
Additional Authorized Cost	(\$31,802)
Revised Authorized Cost	\$82,018
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	12/30/2004
Revised Target Completion Date	6/30/2005

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit F-2b

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
ROOF REPLACEMENT PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant		\$ 16,661	\$ 16,661	\$ 16,661
Transfer from Capital Reserve		42,912	42,912	24,992
Total Revenues		<u>59,573</u>	<u>59,573</u>	<u>41,653</u>
<b>Expenditures and Other Financing Sources</b>				
Construction services		38,940	38,940	41,653
Total Expenditures		<u>38,940</u>	<u>38,940</u>	<u>41,653</u>
Excess(deficiency) of revenues over(under) expenditures		<u>- \$ 20,633</u>	<u>\$ 20,633</u>	

**Additional project information:**

Project number	5040-050-09-2002
Grant Date	06/29/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$97,973
Additional Authorized Cost	(\$56,320)
Revised Authorized Cost	\$41,653
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

<p style="text-align: center;"><b>PROPRIETARY FUND DETAIL STATEMENTS</b></p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** - This fund provides for the operation of food services in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2011**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>AGENCY FUNDS STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	<b>TOTALS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$47,608	\$5,725	\$30,787	\$84,120
<b>TOTAL ASSETS</b>	<u>\$47,608</u>	<u>\$5,725</u>	<u>\$30,787</u>	<u>\$84,120</u>
<b>LIABILITIES:</b>				
Liabilities:				
Payable to Student Groups		\$5,725		\$5,725
Payroll Deductions and Withholdings			\$30,771	30,771
Accounts Payable			16	16
<b>Total Liabilities</b>		<u>5,725</u>	<u>30,787</u>	<u>36,512</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$47,608			47,608
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$47,608</u>	<u>\$5,725</u>	<u>\$30,787</u>	<u>\$84,120</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>TOTALS</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 5,629	\$ 5,629
Employer	<u>10,322</u>	<u>10,322</u>
Total Contributions	<u>15,951</u>	<u>15,951</u>
Investment Earnings:		
Interest	<u>190</u>	<u>190</u>
Net Investment Earnings	<u>190</u>	<u>190</u>
<b>Total Additions</b>	<b><u>16,141</u></b>	<b><u>16,141</u></b>
<b>DEDUCTIONS</b>		
Claims/Quarterly Contribution Reports	<u>24,720</u>	<u>24,720</u>
<b>Total Deductions</b>	<b><u>24,720</u></b>	<b><u>24,720</u></b>
Change in Net Assets	(8,579)	(8,579)
Net Assets—Beginning of the Year	<u>56,187</u>	<u>56,187</u>
<b>Net Assets—End of the Year</b>	<b><u>\$ 47,608</u></b>	<b><u>\$ 47,608</u></b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2010</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2011</u>
Student Activity Accounts	\$ 10,913		\$ 33,417	\$ 38,605	\$ 5,725
<b>Total</b>	<b>\$ 10,913</b>	<b>-</b>	<b>\$ 33,417</b>	<b>\$ 38,605</b>	<b>\$ 5,725</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>BALANCE</u> <u>July 1, 2010</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2011</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 33,363	\$ 4,038,670	\$ 4,041,246	\$ 30,787
<b>Total Assets</b>	<b>\$ 33,363</b>	<b>\$ 4,038,670</b>	<b>\$ 4,041,246</b>	<b>\$ 30,787</b>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 33,335	\$ 1,702,669	\$ 1,705,233	30,771
Salaries and Wages		2,336,001	2,336,001	-
Accounts Payable	28		12	16
<b>Total Liabilities</b>	<b>\$ 33,363</b>	<b>\$ 4,038,670</b>	<b>\$ 4,041,246</b>	<b>\$ 30,787</b>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

N/A

Stillwater Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	61-66
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	67-70
<b>Debt Capacity (J-10 thru J-13)</b> 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.	71-74
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	75-76
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	77-81

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**Stillwater Township School District  
Net Assets by Component,  
Last Eight Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental activities</b>								
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	\$ 1,518,908
Restricted	232,057	344,983	390,430	336,846	399,538	859,052	724,152	667,955
Unrestricted	(128,520)	(253,092)	(284,988)	(155,424)	(129,798)	(233,237)	(205,715)	(133,042)
<b>Total governmental activities net assets</b>	<u>\$ 1,773,307</u>	<u>\$ 1,950,918</u>	<u>\$ 1,865,923</u>	<u>\$ 1,863,621</u>	<u>\$ 1,952,630</u>	<u>\$ 2,270,026</u>	<u>\$ 2,096,063</u>	<u>\$ 2,053,821</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 57,512	\$ 51,362	\$ 44,359	\$ 46,574	\$ 39,939	\$ 35,082	\$ 36,857	25,670
Restricted								-
Unrestricted	8,166	11,413	14,652	16,527	17,421	15,965	31,317	\$ 33,797
<b>Total business-type activities net assets</b>	<u>\$ 65,678</u>	<u>\$ 62,775</u>	<u>\$ 59,011</u>	<u>\$ 63,101</u>	<u>\$ 57,360</u>	<u>\$ 51,047</u>	<u>\$ 68,174</u>	<u>\$ 59,467</u>
<b>District-wide</b>								
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	\$ 1,544,578
Restricted	232,057	344,983	390,430	336,846	399,538	859,052	724,152	667,955
Unrestricted	(120,354)	(241,679)	(270,336)	(138,897)	(112,377)	(217,272)	(174,398)	(99,245)
<b>Total district net assets</b>	<u>\$ 1,838,985</u>	<u>\$ 2,013,693</u>	<u>\$ 1,924,934</u>	<u>\$ 1,926,722</u>	<u>\$ 2,009,990</u>	<u>\$ 2,321,073</u>	<u>\$ 2,164,237</u>	<u>\$ 2,113,288</u>

Source: CAFR Schedule A-1

**Stillwater Township School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>								
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	\$ 2,875,287
Special education	410,275	442,858	495,147	585,408	543,270	579,109	698,908	568,226
Other special education	139,053	154,598	152,802	193,023	200,837	173,520	240,024	207,110
School Sponsored							23,392	
Support Services:								
Tuition	40,979	37,042	34,834	4,497	13,431	957		97,434
Student & instruction related services	615,530	670,595	652,076	732,245	725,005	715,600	678,038	747,938
General administrative services	471,289	487,899	503,828	468,714	388,435	285,611	330,206	589,588
School administrative services	193,720	157,984	199,194	200,259	201,034	191,349	205,989	190,509
Business administrative 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	581,981
Pupil transportation	330,772	327,836	403,386	325,232	339,907	348,609	313,927	300,334
Charter School						8,480	41,737	
Interest Expense	1,329	4						
Capital Outlay							4,334	
Unallocated depreciation	9,250	10,765	72,470	72,470	95,112	197,862	69,961	58,334
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>	<u>6,216,741</u>
Business-type activities:								
Food service	122,843	121,691	128,625	133,569	139,546	137,346	146,649	139,349
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>	<u>139,349</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>	<u>\$ 6,356,090</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Tuition	\$ 52,623	\$ 74,620	\$ 65,408	\$ 72,686	\$ 86,923	\$ 85,748	\$ 43,214	58,309
Operating grants and contributions	2,324,104	2,403,858	2,027,318	2,010,576	378,281	918,141	999,591	\$ 2,388,085
Capital grants and contributions								
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>	<u>2,446,394</u>
Business-type activities:								
Charges for services								
Food service	89,387	87,616	92,845	100,215	99,404	100,907	105,742	99,641
Operating grants and contributions	23,972	21,977	23,657	28,322	32,764	31,107	39,383	35,929
Capital grants and contributions	-	-	-	-	-	-	-	-
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>	<u>135,570</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>	<u>\$ 2,581,964</u>

**Stillwater Township School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (2,768,746)	\$ (2,912,816)	\$ (3,605,431)	\$ (4,010,637)	\$ (5,785,950)	\$ (5,026,387)	\$ (5,222,339)	\$ (3,770,347)
Business-type activities	(9,484)	(12,098)	(12,123)	(5,032)	(7,378)	(5,332)	(1,524)	(3,779)
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>	<u>\$ (3,774,126)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
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	\$ 3,749,704
Property taxes levied for debt service, net	42,702	2,680						
Federal and State Aid not restricted			432,903	712,518	2,466,765	1,621,973	1,383,512	
Investment earnings	13,717	14,097	16,646	21,016	21,343	15,580	2,582	4,279
Miscellaneous income	16,467	16,809	8,958	18,413	19,000	19,001	8,714	-
Federal and State Aid for Capital Assets Projects	23,040	80,629	8,958					16,661
Disposal of Assets			(60,282)					
Transfers	(7,100)	(8,000)	(9,249)		(721)	(989)		
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>	<u>3,770,644</u>
Business-type activities:								
Investment earnings	1,155	1,195	1,023	943	915	672	390	141
Miscellaneous income			(914)				18,261	(5,069)
Transfers	7,100	8,000	9,249	8,180	721	989		
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>	<u>(4,928)</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>	<u>\$ 3,765,716</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 247,226	\$ 177,611	\$ (76,038)	\$ (2,303)	\$ 89,009	\$ 229,265	\$ (173,963)	\$ 297
Business-type activities	(1,229)	(2,903)	(2,765)	4,091	(5,742)	(3,671)	17,127	(8,707)
Total district	<u>\$ 245,997</u>	<u>\$ 174,708</u>	<u>\$ (78,803)</u>	<u>\$ 1,788</u>	<u>\$ 83,267</u>	<u>\$ 225,594</u>	<u>\$ (156,836)</u>	<u>\$ (8,410)</u>

Source: CAFR Schedule A-2

**Stillwater Township School District  
Fund Balances, Governmental Funds,  
Last Eight Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund								
Reserved	\$ 246,459	\$ 284,465	\$ 372,457	\$ 318,874	\$ 381,564	\$ 841,079	\$ 706,179	\$ 690,269
Unreserved	57,069	55,955	9,565	156,013	150,522	48,775	45,649	75,722
Total general fund	<u>\$ 303,528</u>	<u>\$ 340,420</u>	<u>\$ 382,022</u>	<u>\$ 474,887</u>	<u>\$ 532,086</u>	<u>\$ 889,854</u>	<u>\$ 751,828</u>	<u>\$ 765,991</u>
All Other Governmental Funds								
Reserved								
Unreserved, reported in:								
Special revenue fund								
Capital projects fund	\$ 44,094	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 38,606
Debt service fund								
Permanent fund	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 44,094</u>	<u>\$ 17,973</u>	<u>\$ 38,606</u>					

Source: CAFR Schedule B-1

**Stillwater Township School District  
Changes in Fund Balances, Governmental Funds,  
Last Eight Fiscal Years**

**Exhibit J-4**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>								
Tax levy	\$ 2,969,848	\$ 2,986,892	\$ 3,131,459	\$ 3,256,387	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704
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	4,279
Miscellaneous	28,414	29,744	8,958	18,413	19,000	19,001	8,714	(1,201)
State sources	2,199,995	2,328,962	2,324,142	2,586,614	2,697,014	2,376,826	1,934,433	2,252,699
Federal sources	147,149	155,525	136,079	136,480	148,032	163,288	448,670	152,047
<b>Total revenue</b>	<b>5,399,799</b>	<b>5,576,905</b>	<b>5,682,692</b>	<b>6,091,596</b>	<b>6,340,885</b>	<b>6,260,530</b>	<b>6,091,181</b>	<b>6,157,528</b>
<b>Expenditures</b>								
Instruction								
Regular Instruction	2,010,284	2,041,256	2,101,452	2,166,988	2,221,277	2,166,948	2,136,330	2,133,081
Special education instruction	319,594	340,505	312,509	339,988	367,105	413,726	545,686	426,817
Other special instruction	108,319	118,867	102,940	128,591	136,754	145,782	168,101	155,569
School Sponsored Other Instruction							16,655	
Support Services:								
Tuition	40,979	37,042	34,834	4,497	13,431	957		97,434
Student & instruction related services	498,387	515,607	494,853	515,845	501,695	530,222	552,704	561,806
General administrative services	367,123	375,136	396,187	390,406	292,721	253,407	280,167	289,161
School Administrative services	131,999	121,471	131,900	138,593	138,644	143,476	148,322	143,099
Business administrative services					136,508	139,200	151,265	151,630
Plant operations and maintenance	290,472	317,534	346,755	358,926	393,770	391,911	437,352	436,158
Pupil transportation	330,772	327,836	351,735	325,232	339,907	348,609	313,927	300,334
Unallocated employee benefits	1,104,697	1,139,774	1,267,591	1,602,577	1,655,761	1,266,077	1,396,215	1,415,272
Special Revenue								
Charter Schools						8,480	41,737	-
Capital outlay	65,680	222,424	88,086	27,088	85,390	82,978	40,746	71,881
Debt service	58,644	3,681						
<b>Total expenditures</b>	<b>5,326,950</b>	<b>5,561,133</b>	<b>5,628,842</b>	<b>5,998,731</b>	<b>6,282,963</b>	<b>5,891,773</b>	<b>6,229,207</b>	<b>6,182,242</b>
Excess (Deficiency) of revenues over (under) expenditures	72,849	15,772	53,850	92,865	57,922	368,757	(138,026)	(24,714)
<b>Other Financing Sources (uses)</b>								
Transfers in								
Transfers out	(7,100)	(8,000)	(9,249)		(721)	(989)		
<b>Total other financing sources (uses)</b>	<b>(7,100)</b>	<b>(8,000)</b>	<b>(9,249)</b>	<b>-</b>	<b>(721)</b>	<b>(989)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 65,749</b>	<b>\$ 7,772</b>	<b>\$ 44,601</b>	<b>\$ 92,865</b>	<b>\$ 57,201</b>	<b>\$ 367,768</b>	<b>\$ (138,026)</b>	<b>\$ (24,714)</b>
Debt service as a percentage of noncapital expenditures	1.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Interest on</u> <u>Cap.Reserve</u> <u>Funds</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 15,504	\$ 56,116	\$ 3,165	\$ 61,273	\$ 11,350	\$ 34	\$ 147,442
2003	13,182	10,737	1,999	61,722	74,643	148	162,431
2004	11,947	5,761	1,770	52,623	7,607	3,099	82,807
2005	12,935	4,958	1,162	74,620	7,607	4,244	105,526
2006	15,237		1,409	65,408		8,958	91,012
2007	19,081		1,935	72,686		18,413	112,115
2008	21,344		-	86,923		19,000	127,267
2009	12,407		3,173	85,748		19,001	120,329
2010	8,714		2,582	43,214		-	54,510
2011	3,078		1,201	58,309		-	62,588

SOURCE: District Records

**Stillwater Township School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

<u>Year Ended December 31</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax- Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2001	\$8,369,500	\$198,173,000	\$22,183,100	\$9,421,600	\$408,900	-	\$265,796,257	\$26,115,500	\$1,124,657	\$239,680,757	\$2.133	\$276,397,738
2002	7,933,900	199,484,100	22,748,400	9,331,600	408,900	-	267,620,330	26,500,100	1,213,330	241,120,230	2.250	289,096,552
2003	7,158,100	201,458,600	23,346,900	9,351,400	408,900	-	270,253,075	27,788,300	740,875	242,464,775	2.320	317,934,341
2004	7,046,000	201,814,000	24,560,200	9,007,700	408,900	-	271,456,412	27,931,500	688,112	243,524,912	1.220	366,816,737
2005	7,069,700	202,521,700	24,853,900	8,930,700	408,900	-	272,167,974	27,773,200	609,874	244,394,774	1.250	411,224,227
2006	6,564,700	203,303,200	25,840,800	8,930,700	408,900	-	273,240,016	27,748,300	443,416	245,491,716	1.303	490,241,335
2007	6,009,100	204,625,700	27,341,900	8,930,700	408,900	-	275,755,050	28,052,200	386,550	247,702,850	1.339	548,448,380
2008	5,767,600	205,545,300	27,957,800	8,930,700	408,900	-	277,201,191	28,250,200	340,691	248,950,991	1.339	580,601,044
2009	5,341,900	208,201,700	26,891,100	8,930,700	408,900	-	279,008,893	28,948,500	286,093	250,060,393	1.451	578,308,032
2010	5,141,800	208,384,800	26,927,900	8,719,200	408,900	-	279,561,913	29,797,000	182,313	249,764,913	1.482	578,551,595

Source: District records Tax list summary & Municipal Tax Assessor

**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

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

**b** Tax rates are per \$100

**Stillwater Township School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Year Ended December 31	Stillwater Township Board of Education		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Total Direct	Regional High School District	Stillwater Township	Sussex County	
2001	\$2.133	\$2.133	\$1.980	\$0.550	\$0.670	\$5.333
2002	\$2.250	\$2.250	\$2.133	\$0.574	\$0.693	\$5.650
2003	\$2.320	\$2.320	\$2.250	\$0.581	\$0.719	\$5.870
2004	\$1.220	\$1.220	\$1.100	\$0.562	\$0.758	\$3.640
2005	\$1.250	\$1.250	\$1.130	\$0.570	\$0.780	\$3.730
2006	\$1.303	\$1.303	\$1.169	\$0.629	\$0.879	\$3.980
2007	\$1.339	\$1.339	\$1.215	\$0.684	\$0.902	\$4.140
2008	\$1.339	\$1.339	\$1.245	\$0.784	\$0.898	\$4.266
2009	\$1.451	\$1.451	\$1.251	\$0.806	\$0.911	\$4.419
2010	\$1.482	\$1.482	\$1.294	\$0.831	\$0.936	\$4.543

Source: District Records and Municipal Tax Collector

**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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.0 percent, whichever is greater, plus any spending growth adjustments.

- 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.

**Stillwater Township School District  
Principal Property Tax Payers,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	\$ 1,105,400	1	0.44%	\$ 1,085,600	1	0.45%
Individual Taxpayer #1	814,900	2	0.33%	814,900	3	0.34%
Individual Taxpayer #2	607,300	3	0.24%	605,300	4	0.25%
North Shore House	585,000	4	0.23%			
Individual Taxpayer #3	578,500	5	0.23%	570,300	5	0.24%
Individual Taxpayer #4	518,900	6	0.21%	570,100	6	0.24%
Individual Taxpayer #5	515,000	7	0.21%	470,000	7	0.19%
Individual Taxpayer #6	463,400	8	0.19%	463,400	8	0.19%
Individual Taxpayer #7	446,800	9	0.18%	429,700	9	0.18%
Individual Taxpayer #8	408,900	10	0.16%	408,900	10	0.17%
Mission of TOA-Confucianism				873,800	2	0.36%
Total	<u>\$ 6,044,100</u>		<u>2.42%</u>	<u>\$ 6,292,000</u>		<u>2.61%</u>

Source: District CAFR & Municipal Tax Assessor

**Stillwater Township School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$2,529,513	\$2,529,513	100.00%	-
2003	\$2,748,308	\$2,748,308	100.00%	-
2004	\$2,969,848	\$2,969,848	100.00%	-
2005	\$2,986,892	\$2,986,892	100.00%	-
2006	\$3,131,459	\$3,131,459	100.00%	-
2007	\$3,256,387	\$3,256,387	100.00%	-
2008	\$3,368,572	\$3,368,572	100.00%	-
2009	\$3,600,087	\$3,600,087	100.00%	-
2010	\$3,653,568	\$3,653,568	100.00%	-
2011	\$3,749,704	\$3,749,704	100.00%	-

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

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

**Stillwater Township School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	\$ 118,961	-0-	-0-	-0-	-0-	\$ 118,961	0.07%	\$ 27.52
2003	62,307	-0-	-0-	-0-	-0-	62,307	0.04%	14.37
2004	3,653	-0-	-0-	-0-	-0-	3,653	0.00%	0.84
2005	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2006	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2007	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2008	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2009	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2010	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A

Source: District CAFR Schedules I-1, I-2

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**Stillwater Township School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 118,961	-0-	-0-	-0-	\$ 27.52
2003	62,307	-0-	-0-	-0-	14.37
2004	3,653	-0-	-0-	-0-	0.84
2005	-0-	-0-	-0-	-0-	-0-
2006	-0-	-0-	-0-	-0-	-0-
2007	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

R Revised

\* Current data unavailable

**Stillwater Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2011**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Stillwater Township	\$ 1,292,451	100.000%	\$ 1,292,451
<b>Other debt</b>			
Kittatinny Regional School District	2,135,000	26.750%	571,104
Sussex County	74,528,115	2.776%	<u>2,068,766</u>
Subtotal, overlapping debt			3,932,321
<b>Stillwater Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 3,932,321</u></u>

**Sources:** Stillwater Township Finance Officer, Sussex County Finance Office and Utility Authorities

**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 the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, 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 payment.

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

**Stillwater Township School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized valuation basis
	2010 \$ 553,030,357
	2009 577,646,392
	2008 593,767,136
	<b>[A]</b> <u>\$ 1,724,443,885</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 574,814,628
Debt limit (2.5 % of average equalization value)	<b>[B]</b> 14,370,366
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 14,370,366</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$8,026,707	\$9,048,693	\$10,484,109	\$11,975,474	\$13,369,343	\$14,264,857	\$14,556,723	\$14,370,366
Total net debt applicable to limit	<u>3,653</u>	-	-	-	-	-	-	-
Legal debt margin	<u>\$8,023,054</u>	<u>\$9,048,693</u>	<u>\$10,484,109</u>	<u>\$11,975,474</u>	<u>\$13,369,343</u>	<u>\$14,264,857</u>	<u>\$14,556,723</u>	<u>\$14,370,366</u>
Total net debt applicable to the limit as a percentage of debt limit	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

**Stillwater Township School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	4,322	\$167,360,806	\$38,723 R	9.2%
2003	4,335	\$170,521,560	\$39,336 R	9.8%
2004	4,340	\$177,154,460	\$40,819 R	1.5%
2005	4,340	\$184,233,000	\$42,450 R	1.5%
2006	4,338	\$197,153,424	\$45,448 R	1.7%
2007	4,334	\$210,086,316	\$48,474 R	1.6%
2008	4,326	\$211,229,928	\$48,828 R	2.1%
2009	4,312	\$204,807,064	\$47,497 P	3.5%
2010	4,312	* \$204,807,064	\$47,497 *	3.7%
2011	4,312	* \$204,807,064	\$47,497 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Per Capita information provided by U.S. Dept of Commerce.

<sup>c</sup> Per Capita information provided by U.S. Dept of Commerce.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R Revised

P Projected

\* Current data unavailable

**Stillwater Township School District  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

Employer	2011			2002		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
			N/A	N/A	N/A	N/A
Stocker Bus	70	1	0.00%			0.00%
Stillwater Township School	65	2	0.00%			0.00%
Fairview Lake YMCA Camp	47	3	0.00%			0.00%
Stillwater Township Municipal Employees	41	4	0.00%			0.00%
Lou Hoover YMCA Camp	18	5	0.00%			0.00%
Swartzwood State Park	13	6	0.00%			0.00%
C&V Paving	8	7	0.00%			0.00%
Roy Biscoff Mason Supply	5	8	0.00%			0.00%
Lakeland Bank	5	9	0.00%			0.00%
Stillwater General Store	3	10	0.00%			0.00%
	<u>275</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

**Source:** N/A=No reliable data available

**Stillwater Township School District  
Full-time Equivalent District Employees by Function/Program,  
Last Nine Fiscal Years**

**Exhibit J-16**

<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>	<u>2011</u>
Instruction									
Regular	35.0	37.0	36.7	37.4	37.5	37.0	37.0	38.0	37.0
Special education	6.0	5.5	6.0	5.0	5.0	5.0	5.0	7.0	7.0
Other special education	3.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Support Services:									
Student and Instruction Related Services	5.5	5.1	5.3	4.7	4.7	3.0	2.0	2.0	2.0
General administrative services	2.0	2.5	2.0	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	2.0
Central Services	2.0	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	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>	<u>58.0</u>

**Source:** District Personnel Records

Stillwater Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2002	434	4,511,154	10,394	1.54%	47	1:9.2		443.6	421.5	2.00%	95.0%
2003	411	4,860,584	11,826	13.78%	48	1:8.6		433.9	410.9	-2.51%	94.7%
2004	400	5,058,577	12,646	6.94%	47	1:8.5		415.5	398.7	-2.97%	96.0%
2005	404	5,183,720	12,831	1.46%	46	1:8.8		408.9	391.5	-1.81%	95.7%
2006	404	5,402,527	13,373	4.22%	46	1:8.8		407.7	388.9	-0.66%	95.4%
2007	394	5,833,097	14,805	10.71%	46	1:8.7		401.8	391.0	0.54%	97.3%
2008	416	6,049,540	14,542	-1.77%	46	1:8.8		402.3	382.9	-2.07%	95.2%
2009	398	5,674,027	14,256	-1.97%	45	1:8.8		406.9	386.8	1.02%	95.1%
2010	401	6,188,461	15,433	8.25%	45	1:8.8		398.6	377.9	-2.30%	94.8%
2011	381	6,110,361	16,038	3.92%	45	1:8.5		377.8	359.4	-4.90%	95.1%

**Sources:** District records, ASSA and Schedule J-4

**Note:** Enrollment based on annual June 30 district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

**Stillwater Township School District  
 School Building Information  
 Last Ten Fiscal Years**

**Exhibit J-18**

<u>District Building</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>2011</u>
<b><u>Stillwater Township Elementary School - K-6</u></b>										
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	434	411	400	404	404	394	416	398	401	381

Number of Schools at June 30, 2011  
 Elementary = 1

**Source:** District records, ASSA

Note: Increases in square footage and capacity are the result of renovations and/or additions. Enrollment is based on the annual October district count.

STILLWATER TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2011

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2011</u>	<u>Total</u>
Elementary School	N/A	\$ 68,216	\$ 70,284	\$ 77,589	\$ 80,374	\$ 112,738	\$ 90,869	\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 908,000
Total School Facilities		31,231	31,231	66,224	80,374	112,738	90,869	87,895	113,491	117,863	88,681	321,798
Other Facilities												
<b>Grand Total</b>		<b>\$ 31,231</b>	<b>\$ 31,231</b>	<b>\$ 66,224</b>	<b>\$ 80,374</b>	<b>\$ 112,738</b>	<b>\$ 90,869</b>	<b>\$ 87,895</b>	<b>\$ 113,491</b>	<b>\$ 117,863</b>	<b>\$ 88,681</b>	<b>\$ 321,798</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMPREHENSIVE PACKAGE POLICY - School Alliance Insurance Fund</b>		
Property-Blanket Building and Contents Sussex Insurance Pool Limit	\$ 250,000,000	\$ 1,000
Comprehensive Crime Coverage:		
Theft Disappearance	50,000	1,000
Employee Dishonesty	400,000	
Comprehensive Casualty Coverage:		
Includes General Liability, Auto, Employee Benefits	5,000,000	
School Board Legal Liability	5,000,000	
Excess Liability	5,000,000	
Worker's Compensation	250,000	
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND - Selective Insurance Company</b>		
Treasurer	171,000	
Board Secretary	100,000	
Public Employee Dishonesty	400,000	

SOURCE: District Records

# Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
 GOVERNMENT AUDITING STANDARDS**

Honorable President and  
 Members of the Board of Education  
 Stillwater Township School District  
 County of Sussex  
 Newton, New Jersey 07860

We have audited the financial statements of the Board of Education of the Stillwater Township School District in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Stillwater Township School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stillwater Township School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stillwater Township School District Board of Education'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

-Continued-

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

This report is intended solely for the information and use of the audit committee, management, the Stillwater Township School District Board of Education, 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.



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: October 20, 2011



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 Anthony F. Ardito, PA, RMA, PSA

### **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 NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and  
 Members of the Board of Education  
 Stillwater Township School District  
 County of Sussex  
 Newton, New Jersey 07860

#### **Compliance**

We have audited the compliance of the Stillwater Township School District in the County of Sussex, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011. The Stillwater Township School District Board of Education's major state programs are identified in the summary of auditor's 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 is the responsibility of the Stillwater Township School District Board of Education's management. Our responsibility is to express an opinion on the Stillwater Township School District Board of Education'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Stillwater Township School District Board of Education'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 on the Stillwater Township School District Board of Education's compliance with those requirements.

-Continued-

In our opinion the Board of Education of the Stillwater Township School District, in the County of Sussex, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of the Board of Education of the Stillwater Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Stillwater Township School District of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stillwater Township School District Board of Education's internal control over compliance.

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

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 the audit committee, management, the Stillwater Township School District Board of Education, 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.



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: October 20, 2011

STILLWATER TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2011

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/10	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 188,487			\$ 188,487	\$ (188,487)							\$ 18,834	\$ 188,487
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	1,015,522			1,015,522	(1,015,522)							101,474	1,015,522
Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	153,214			153,214	(153,214)							15,310	153,214
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	33,024			33,024	(33,024)							3,300	33,024
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	362,583			362,583	(362,583)							36,230	362,583
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	870				(870)			\$ (870)					870
Non-Public Transportation Aid	10-100-034-5120-068	7/1/09-6/30/10		(282)		282	-								
On-behalf TPAF Pension Contrib.	11-495-034-5095-001	7/1/10-6/30/11	214,366			214,366	(214,366)								214,366
Reimbursed TPAF Soc.Secur.Contrib.	11-495-034-5095-002	7/1/10-6/30/11	238,487	(12,001)		238,498	(238,487)			(11,990)					238,487
<b>Total General Fund</b>				(12,283)		2,205,976	(2,206,553)			(12,860)				175,148	2,206,553
<b>Capital Projects Fund:</b>															
SDA Grant	SP#5040-050-09-2002	7/1/09-6/30/11	39,189				(16,661)			(16,661)					16,661
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	10-100-010-3350-023	7/1/09-6/30/10		132		(132)									
Nat.School Lunch Prog.(State Share)	11-100-010-3350-023	7/1/10-6/30/11	1,717			1,717	(1,717)			-					1,717
<b>Total Enterprise Fund</b>				132		1,585	(1,717)			-					1,717
<b>Total State Financial Assistance</b>				\$ (12,151)		\$ 2,207,561	\$ (2,224,931)			\$ (29,521)				\$ 175,148	\$ 2,224,931

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2011

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity 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 state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE 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 state aid payment 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 state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$29,485 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2011

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 8,267	\$ 2,236,038	\$ 2,244,305
Special Revenue Fund	143,780	-	143,780
Capital Projects Fund		16,661	16,661
Food Service Fund	<u>34,212</u>	<u>1,717</u>	<u>35,929</u>
Total Financial Assistance	<u>\$ 186,259</u>	<u>\$ 2,254,416</u>	<u>\$ 2,440,675</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:  
 1) Material weakness(es) identified? \_\_\_ Yes x No  
 2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_ Yes  
x None Reported
- C) Noncompliance material to financial statements noted? \_\_\_ Yes x No

**Federal Awards Section**

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No
- F) Type of auditor's report on compliance for major programs: Unqualified
- G) Internal Control over compliance:  
 1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No  
 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ No
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? \_\_\_ Yes \_\_\_ No
- I) Identification of major programs:

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x\_yes\_\_no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:  
 1) Material weakness(es) identified? \_\_\_yes x no  
 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? \_\_\_yes x no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>11-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>11-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>11-495-034-5095-002</u>	<u>Reimb. TPAF Soc. Sec.</u>
<u>11-495-034-5120-085</u>	<u>Adjustment Aid</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**Section II-Financial Statement Findings**

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

**Section III - State Financial Assistance Findings and Questioned Costs**

**STATE FINANCIAL ASSISTANCE**-There were no state financial assistance findings or questioned costs noted, that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.