

**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, 2015**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Stillwater Township School District**

**Board of Education**

**Stillwater, New Jersey**

**For the Fiscal Year Ending June 30, 2015**

**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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November 16, 2015

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, 2015, 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 PK through 6. These include regular, special education for the disabled youngsters, and gifted and talented education. The District completed the 2014/2015 fiscal year with an average enrollment of 350 students, which has been a slightly increasing enrollment from previous years. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	350	(2.0%)
2013-14	343	(-3.3%)
2012-13	355	(-2.7%)
2011-12	365	(-3.4%)
2010-11	378	(-5.2%)

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. The school population should remain fairly consistent over the next year, but is not projected to increase in the near future. Unfortunately with the current economic conditions and lack of increase in state aid, the local taxpayers are affected as the school district tries to maintain the finest educational programs, while still maintaining a responsible fiscal base.

3) MAJOR INITIATIVES: Stillwater School District undertook facility & security improvements during the 2014-2015 fiscal year. The first phase of the window project, Phases 2 & 3 of the lock project, additional cameras installed, new floors in two classrooms, exterior door replacements, fire strobe lights in bathrooms, A/C upgrades for the supply/switch room, fire alarm panel upgrades, and new servers installed were completed.

Also, this year, an additional mobile laptop cart was purchased. Science, Health and Physical Education curriculums were 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 preparations for the PARCC testing. Results of those assessments will be forthcoming this fall.

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. 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, 2015.

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, 2015, 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.

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.

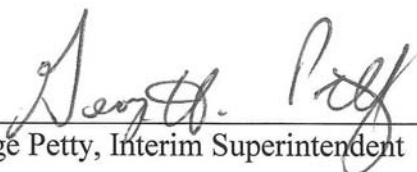
10) OTHER INFORMATION:

**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:

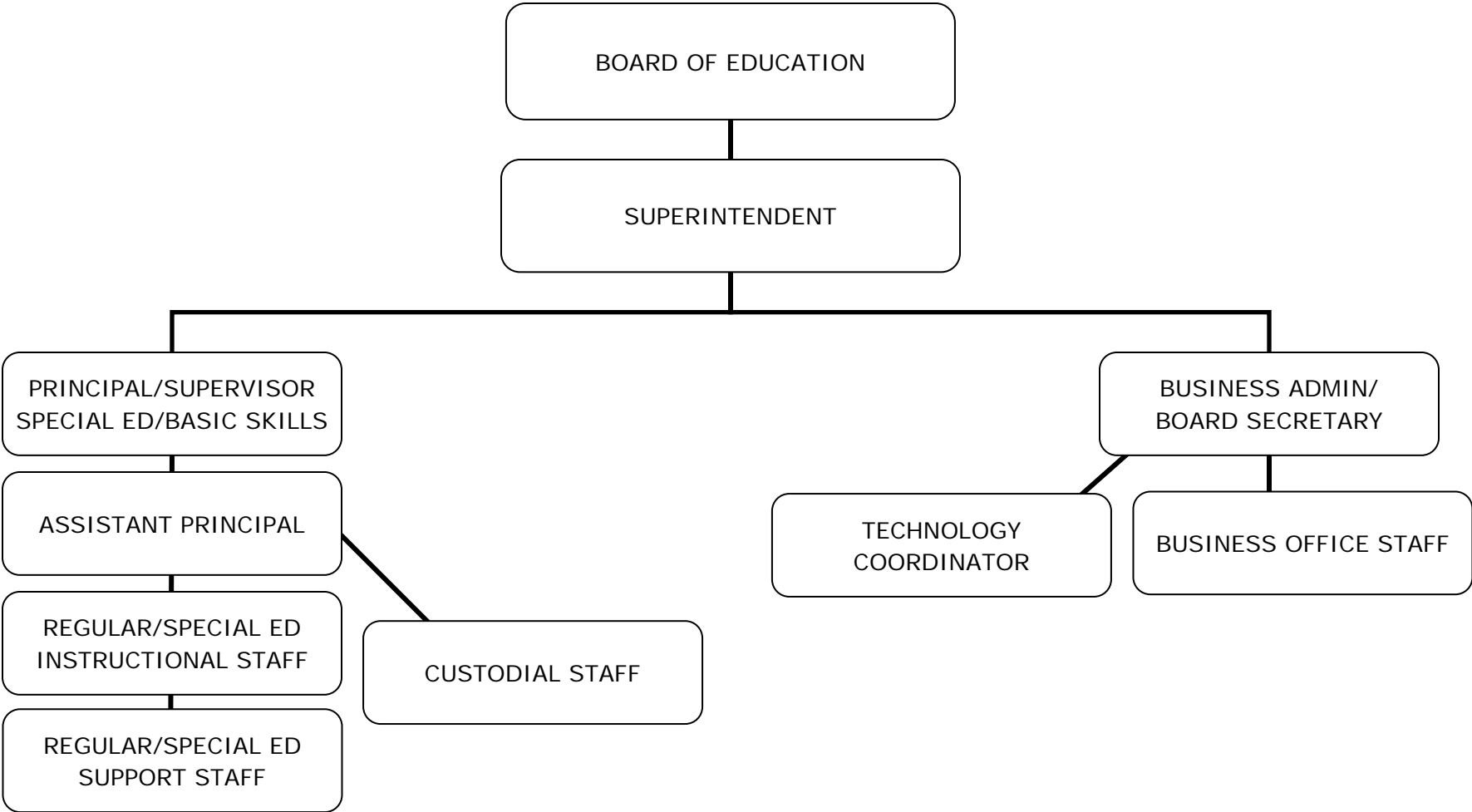
We would like to express our appreciation to the members of the Stillwater Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

  
\_\_\_\_\_  
Dr. George Petty, Interim Superintendent

  
\_\_\_\_\_  
René Solar, Business Administrator/Board Secretary

# STILLWATER TOWNSHIP BOARD OF EDUCATION







**STILLWATER TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2015**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Shannon Nothstine, <i>President</i>	2015
Christina Santore, <i>Vice-President</i>	2016
Dennis DeGroat	2017
Krista Galante	2017
Michael Grace	2015
Patricia Hendershot	2016
Alan Jones	2015
Danielle LoCascio	2017
Kathleen Svendsen	2015

**Other Officials**

Anna Memmelaar, *Superintendent*

René Solar, *Board Secretary/School Business Administrator*

Kathleen Kane, *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**  
100 South Jefferson Road, Suite 200  
Whippany, New Jersey 07981

**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**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

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

### **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

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Stillwater Township School District Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Stillwater Township School District Board of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stillwater Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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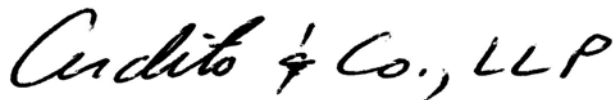
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, 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* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP  
November 16, 2015



Licensed Public School Accountant No. 2369





**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, 2015  
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, 2015. 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 2015 are as follows:

- ◆ In total, Net Position increased \$336,344 which represents a 19.3% increase from 2014.
- ◆ General revenues accounted for \$4,027,488 in revenue or 51.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,729,308 or 48.1% of total revenues of \$7,756,796.
- ◆ Total assets of governmental activities increased by \$379,142, as cash and cash equivalents increased by \$21,402, receivables increased by \$8,863, and capital assets increased by \$349,423.
- ◆ The School District had \$7,420,452 in expenses; only \$3,729,308 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,027,488 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,742,552 in revenues and \$6,751,014 in expenditures. The General Fund's surplus balance decreased \$8,462 over 2014, which compares favorably to the budgeted decrease of \$644,519.

**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 Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. 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, 2015  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position 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 Position and changes in those assets. This change in Net Position 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. Nonfinancial 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 Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including 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 26. 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, 2015  
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 Position 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 Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2015 compared to 2014.

	<u>2015</u>	<u>2014</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,616,958	\$ 1,587,239
Capital Assets	<u>1,908,441</u>	<u>1,559,018</u>
<b>Total Assets</b>	<u>3,525,399</u>	<u>3,146,257</u>
<b>Deferred Outflows of Resources</b>	<u>84,653</u>	<u>48,420</u>
<b>Liabilities</b>		
Long-Term Liabilities	1,257,778	1,421,374
Other Liabilities	<u>66,491</u>	<u>27,662</u>
<b>Total Liabilities</b>	<u>1,324,269</u>	<u>1,449,036</u>
<b>Deferred Inflows of Resources</b>	<u>203,798</u>	<u>-</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	1,908,441	1,559,018
Restricted	1,425,388	1,439,787
Unrestricted	<u>(1,251,844)</u>	<u>(1,253,164)</u>
<b>Total Net Position</b>	<u>\$ 2,081,985</u>	<u>\$ 1,745,641</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

Total assets of governmental activities increased by \$379,142, as cash and cash equivalents increased by \$21,402, receivables increased by \$8,863, and capital assets increased by \$349,423.

The cash increase was mainly due operational efficiency towards budget, net of capital addition spending, and the increase in capital assets was due to capital outlay (fund 12) spending for window replacement, fuel tank and other various equipment acquisitions.

Table 2 shows the changes in Net Position from fiscal year 2014.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 317,682	\$ 273,373
Operating Grants and Contributions	3,411,626	2,639,528
General Revenues:		
Property Taxes	4,017,816	3,978,825
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	4,152	3,570
Other	<u>5,520</u>	<u>4,991</u>
<b>Total Revenues</b>	<u>7,756,796</u>	<u>6,900,287</u>
<b>Program Expenses</b>		
Instruction	4,416,151	3,852,297
Support Services:		
Tuition		
Pupils and Instructional Staff	889,495	750,617
General Administration, School Administration, Business	844,159	716,855
Operations and Maintenance of Facilities	756,154	688,842
Pupil Transportation	308,123	279,915
Business-Type Activities	129,335	130,175
Interest and Fiscal Charges	<u>77,035</u>	<u>65,104</u>
<b>Total Expenses</b>	<u>7,420,452</u>	<u>6,483,805</u>
Increase in Net Position	<u>\$ 336,344</u>	<u>\$ 416,482</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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 51.8% percent of revenues for governmental activities for the Stillwater Township School District for the fiscal year 2015.

Instruction comprises 59.5% of district expenses. Support services expenses make up 37.7% 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 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 4,416,151	\$ 2,076,743	\$ 3,852,297	\$ 1,998,835
Support Services:				
Tuition	-	-	-	-
Pupils and Instructional Staff	889,495	472,491	750,617	447,503
General Admin., School Admin., Business	844,159	466,039	716,855	446,324
Operation and Maintenance of Facilities	756,154	417,454	688,842	428,883
Pupil Transportation	308,123	170,107	279,915	174,279
Business-Type Activities	129,335	11,275	130,175	9,976
Interest and Fiscal Charges	<u>77,035</u>	<u>77,035</u>	<u>65,104</u>	<u>65,104</u>
<b>Total Expenses</b>	<u>\$ 7,420,452</u>	<u>\$ 3,691,144</u>	<u>\$ 6,483,805</u>	<u>\$ 3,570,904</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.

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.

STILLWATER TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

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.

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

The dependence upon tax revenues is apparent. Over 47.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 54.5%. 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 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$6,884,930 and expenditures of \$6,893,392. The General Fund's surplus balance decreased \$8,462 over 2014, which compares favorably to the budgeted decrease of \$644,519.

### **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 2015 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 on-behalf payments, was \$6,078,890, \$111,076 over original budgeted estimates of \$5,967,814. This difference was due primarily to increases in tuition based programs.

General fund revenues fell short of expenditures by \$7,872. Again this deficit compares to a budgeted deficit of \$644,519, which was due to the budgeted use of surplus and maintenance reserve needed to balance the 2014-2015 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, maintenance, and health benefits.

Overall general fund balance (budget basis) was \$1,700,885, and amounts ear-marked and reserved for future purposes were \$1,449,857, creating a surplus in unreserved fund balance of \$251,028. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.



STILLWATER TOWNSHIP SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 UNAUDITED

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$1,907,174 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 180,000	\$ 180,000
Land Improvements	58,978	65,569
Buildings and Improvements	1,460,954	1,107,409
Machinery and Equipment	<u>207,242</u>	<u>198,673</u>
 Totals	 <u>\$ 1,907,174</u>	 <u>\$ 1,551,651</u>

Overall capital assets increased \$355,523 from fiscal year 2014 to fiscal year 2015. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$465,611 were purchased during fiscal year 2015.

**Debt Administration**

At June 30, 2015, the School District had \$171,300 as outstanding long term debt. Of this amount, \$171,300 is for compensated absences.

At June 30, 2015, the School District's overall legal debt margin was \$11,494,400 and the unvoted debt margin was the same.

STILLWATER TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**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. It has been increasingly difficult to balance educational needs with increases in property tax rates. 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.

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 René Solar, 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 position 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 POSITION

June 30, 2015

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$753,439	\$26,005	\$779,444
Receivables, Net	58,814	2,517	61,331
Inventory		2,633	2,633
Restricted Assets:			
Capital Reserve Account - Cash	773,550		773,550
Capital Assets, Net (Note 5):	1,907,174	1,267	1,908,441
<b>Total Assets</b>	<b>3,492,977</b>	<b>32,422</b>	<b>3,525,399</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	84,653		84,653
<b>LIABILITIES</b>			
Accounts Payable	57,262		57,262
Unearned Revenue	7,857	1,372	9,229
Net Pension Liability (Note 7)	1,086,478		1,086,478
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	171,300		171,300
<b>Total Liabilities</b>	<b>1,322,897</b>	<b>1,372</b>	<b>1,324,269</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	203,798		203,798
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,907,174	1,267	1,908,441
Restricted for:			
Other Purposes	1,425,388		1,425,388
Unrestricted	(1,281,627)	29,783	(1,251,844)
<b>Total Net Position</b>	<b>\$2,050,935</b>	<b>\$31,050</b>	<b>\$2,081,985</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, 2015

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 3,488,253	\$ 238,396	\$ 1,685,383	\$ (1,564,474)		\$ (1,564,474)
Special Education	759,695		340,287	(419,408)		(419,408)
Other Special Instruction	168,203		75,342	(92,861)		(92,861)
Support Services:						
Student & Instruction Related Serv.	889,495		417,004	(472,491)		(472,491)
School Administrative Services	176,132		78,894	(97,238)		(97,238)
General and Business Admin. Serv.	668,027		299,226	(368,801)		(368,801)
Plant Operations and Maintenance	756,154		338,700	(417,454)		(417,454)
Pupil Transportation	308,123		138,016	(170,107)		(170,107)
Other Fiscal Charges	1,790		-	(1,790)		(1,790)
Unallocated Depreciation	75,245		-	(75,245)		(75,245)
Total Governmental Activities	7,291,117	238,396	3,372,852	(3,679,869)		(3,679,869)
Business-Type Activities:						
Food Service	129,335	\$ 79,286	38,774		\$ (11,275)	(11,275)
Total Business-Type Activities	129,335	79,286	38,774		(11,275)	(11,275)
Total Primary Government	\$ 7,420,452	\$ 317,682	\$ 3,411,626	\$ (3,679,869)	\$ (11,275)	\$ (3,691,144)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net			\$ 4,017,816			\$ 4,017,816
Investment Earnings			4,076	\$ 76		4,152
Miscellaneous Revenues			1,069	4,451		5,520
Total General Revenues, Special Items, Extraor. Items			4,022,961	4,527		4,027,488
Change in Net Position			343,092	(6,748)		336,344
Net Position—Beginning (As Restated)			1,707,843	37,798		1,745,641
<b>Net Position—Ending</b>			<b>\$ 2,050,935</b>	<b>\$ 31,050</b>		<b>\$ 2,081,985</b>

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, 2015

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,526,989		\$ 1,526,989
Receivables from Other Governments	11,882	\$ 2,314	14,196
Accounts Receivable, Net	44,618		44,618
Interfund Receivables	1,807		1,807
<b>TOTAL ASSETS</b>	<b><u>\$ 1,585,296</u></b>	<b><u>\$ 2,314</u></b>	<b><u>\$ 1,587,610</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 57,262		\$ 57,262
Interfund Payable		\$ 1,807	1,807
Deferred Revenue	7,350	507	7,857
<b>Total Liabilities</b>	<b><u>64,612</u></b>	<b><u>2,314</u></b>	<b><u>66,926</u></b>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	773,550		773,550
Excess Surplus	334,166		334,166
Excess Surplus - Designated for Subsequent Year's Expenditures	317,197		317,197
<u>Assigned to:</u>			
Year-End Encumbrances	24,469	-	24,469
General Fund - Designated for Subsequent Year's Expenditures	475		475
Capital Projects Fund			-
<u>Unassigned:</u>			
General Fund - Unreserved, Undesignated	70,827	-	70,827
<b>Total Fund Balances</b>	<b><u>1,520,684</u></b>	<b><u>-</u></b>	<b><u>1,520,684</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,585,296</u></b>	<b><u>\$ 2,314</u></b>	<b><u>\$ 1,587,610</u></b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$5,311,701 and the accumulated depreciation is \$3,404,527.

\$ 1,907,174

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

84,653

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)

(203,798)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(1,086,478)

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)

(171,300)

Net Position of governmental activities

\$ 2,050,935

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, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 4,017,816		\$ 4,017,816
Tuition	238,396		238,396
Interest on Capital Reserve	858		858
Miscellaneous	3,393	\$ 894	4,287
<b>Total - Local Sources</b>	<u>4,260,463</u>	<u>894</u>	<u>4,261,357</u>
<b>State Sources</b>	2,468,499		2,468,499
<b>Federal Sources</b>	13,590	141,484	155,074
<b>Total Revenues</b>	<u><b>6,742,552</b></u>	<u><b>142,378</b></u>	<u><b>6,884,930</b></u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	2,073,151	123,801	2,196,952
Special Education Instruction	485,195		485,195
Other Special Instruction	107,426		107,426
Support services and undistributed costs:			
Student and Instruction Related Services	549,517	18,577	568,094
School Administrative Services	112,490		112,490
Other Administrative Services	423,977		423,977
Plant Operations and Maintenance	481,655		481,655
Pupil Transportation	308,123		308,123
Unallocated Benefits	1,683,299		1,683,299
Transfer to Charter School	58,780		58,780
<b>Debt Service:</b>			
Principal			
Interest and Other Charges			
<b>Capital Outlay</b>	467,401		467,401
<b>Total Expenditures</b>	<u><b>6,751,014</b></u>	<u><b>142,378</b></u>	<u><b>6,893,392</b></u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,462)</u>		<u>(8,462)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Capital Fund	-		
<b>Total Other Financing Sources and Uses</b>			
Net Change in Fund Balances	(8,462)		(8,462)
Fund Balance—July 1	1,529,146		1,529,146
<b>Fund Balance—June 30</b>	<u><b>\$ 1,520,684</b></u>		<u><b>\$ 1,520,684</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, 2015**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (8,462)

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	\$ (110,088)	
Capital Outlays	<u>465,611</u>	355,523

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

19,634

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.

(23,603)

**Change in Net Position of Governmental Activities**

\$ 343,092

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

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

June 30, 2015

		<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	\$	26,005	\$ 26,005
Accounts Receivable		2,517	2,517
Inventories		2,633	2,633
<b>Total Current Assets</b>		31,155	31,155
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		104,814	104,814
Less Accumulated Depreciation		(103,547)	(103,547)
<b>Total Noncurrent Assets</b>		1,267	1,267
<b>Total Assets</b>		32,422	32,422
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Deferred Revenue		1,372	1,372
<b>Total Liabilities</b>		1,372	1,372
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt		1,267	1,267
Unrestricted		29,783	29,783
<b>Total Net Position</b>	\$	31,050	\$ 31,050

**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 POSITION  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 62,115	\$ 62,115
Daily Sales - Non- Reimb. Programs	17,171	17,171
Miscellaneous	4,527	4,527
<b>Total Operating Revenues</b>	<u>83,813</u>	<u>83,813</u>
<b>Operating Expenses:</b>		
Cost of Sales	53,956	53,956
Salaries and Wages	44,321	44,321
Employee Benefits	10,932	10,932
Other Purchased Professional Services	7,759	7,759
Miscellaneous	6,266	6,266
Depreciation	6,101	6,101
<b>Total Operating Expenses</b>	<u>129,335</u>	<u>129,335</u>
Operating Income (Loss)	<u>(45,522)</u>	<u>(45,522)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,351	1,351
Federal Sources:		
National School Lunch Program	30,120	30,120
Food Distribution Program	7,303	7,303
<b>Total Nonoperating Revenues (Expenses)</b>	<u>38,774</u>	<u>38,774</u>
Income (Loss) Before Contributions and Transfers	(6,748)	(6,748)
Change in Net Position	<u>(6,748)</u>	<u>(6,748)</u>
Total Net Position—Beginning	37,798	37,798
<b>Total Net Position—Ending</b>	<u>\$ 31,050</u>	<u>\$ 31,050</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, 2015

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 83,813	\$ 83,813
Payments to Employees	(44,321)	(44,321)
Payments for Employee Benefits	(10,932)	(10,932)
Payments to Suppliers	(60,080)	(60,080)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(31,520)</b>	<b>(31,520)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	1,351	1,351
Federal Sources	30,011	30,011
Other Operating Items	(340)	(340)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>31,022</b>	<b>31,022</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(498)	(498)
Balances—Beginning of Year	26,503	26,503
<b>Balances—End of Year</b>	<b>26,005</b>	<b>26,005</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	(45,522)	(45,522)
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	7,303	7,303
(Increase) Decrease in Accounts Receivable, Net	(28)	(28)
(Increase) Decrease in Inventories	545	545
Increase (Decrease) in Accounts Payable	81	81
Total Adjustments	14,002	14,002
Net Cash Provided by (used for) Operating Activities	\$ (31,520)	\$ (31,520)

**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 POSITION  
FIDUCIARY FUNDS

June 30, 2015

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 92,413	\$ 46,067
	<u>92,413</u>	<u>46,067</u>
<b>Total Assets</b>	<u>\$ 92,413</u>	<u>\$ 46,067</u>
<b>LIABILITIES</b>		
Payable to Student Groups	-	\$ 5,003
Payroll Deductions and Withholdings		35,788
Health Reimbursement Account		5,272
Accounts Payable		<u>4</u>
	<u>-</u>	<u>46,067</u>
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 46,067</u>
<b>NET POSITION</b>		
		<u>-</u>
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 92,413</u>	<u>-</u>

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

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

For the Year Ended June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ -
Plan Member	<u>5,928</u>
Total Contributions	<u>5,928</u>
Investment Earnings:	
Interest	<u>187</u>
Net Investment Earnings	<u>187</u>
<b>Total Additions</b>	<u>6,115</u>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	<u>6,739</u>
<b>Total Deductions</b>	<u>6,739</u>
Change in Net Position	(624)
Net Position—Beginning of the Year	<u>93,037</u>
<b>Net Position—End of the Year</b>	<u><u>\$ 92,413</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, 2015

**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, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 17.

**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, 2015, of 350 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, 2015

**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 position 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 position 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 position 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, 2015

**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, 2015

**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, 2015

**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, 2015

**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, 2015

**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, 2015, but which were levied to finance fiscal year 2016 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, 2015

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

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

**Net Position:**

Net Position represent the difference between assets and liabilities. Net Position 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 Position 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 position 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, 2015

**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, 2015

**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, 2015, 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, 2015, 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	\$773,550		\$773,550
Checking	<u>779,444</u>	<u>\$138,480</u>	<u>917,924</u>
	<u>\$1,552,994</u>	<u>\$138,480</u>	<u>\$1,691,474</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,691,474 and the bank balance was \$1,831,114. 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, \$500,000 was covered by federal depository insurances and \$1,331,114 was covered by collateral pool.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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, 2015.**

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, 2015

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015, 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	\$11,882	\$11,991
Federal Aid	2,314	4,722
Local-Tuition, etc	44,618	44,618
Gross Receivable	<u>\$58,814</u>	<u>\$61,331</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$58,814</u>	<u>\$61,331</u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food	\$636
Supplies	<u>1,997</u>
	<u>\$2,633</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, 2015, 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	297,927			297,927
Buildings and Building Improvements	3,683,529	413,471		4,097,000
Machinery and Equipment	684,634	52,140		736,774
Total at Historical Cost	<u>4,846,090</u>	<u>465,611</u>	-	<u>5,311,701</u>
Less Accumulated Depreciation for:				
Land Improvements	(232,358)	(6,591)		(238,949)
Building and Improvements	(2,576,120)	(59,926)		(2,636,046)
Equipment	(485,961)	(43,571)		(529,532)
Total Accumulated Depreciation	<u>(3,294,439)</u>	<u>(110,088)</u>		<u>(3,404,527)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>1,551,651</u>	<u>355,523</u>		<u>1,907,174</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 1,551,651</u></b>	<b><u>\$ 355,523</u></b>		<b><u>\$ 1,907,174</u></b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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	\$ 30,893
School Administration	2,672
Plant and Operations	1,278
Unallocated	<u>75,245</u>
Total	<u>\$ 110,088</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, 2015, are as follows:

	Balance			Balance	Amounts
	<u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/15</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$147,697	\$63,530	(\$39,927)	\$171,300	
<b>Total Other Liabilities</b>	<u>\$5,001,142</u>	<u>63,530</u>	<u>(\$39,927)</u>	<u>\$171,300</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2015.

The district had no bonds authorized but not issued as of June, 30, 2015.

The district had no capital lease liabilities as of June, 30, 2015.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*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, 100% of 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.

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

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$17,061,266 as measured on June 30, 2014 and \$16,803,237 as measured on June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$918,056 and revenue of \$918,056 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.*



STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$16,803,237	\$17,061,266
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.033248%	0.031922%

*Actuarial assumptions* - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Retu	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date i

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District's has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**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.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2015, the District reported a liability of \$1,086,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.0058% which was a decrease of 0.00086 from its proportion measured as of June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$30,854. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 34,165	
Net difference between projected and actual earnings on pension plan investments		\$ 64,748
Changes in proportion and differences between District contributions and proportionate share of contributions	-	139,050
District contributions subsequent to the measurement date	50,488	
Total	<u>\$ 84,653</u>	<u>\$ 203,798</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

\$50,488 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2015	(\$54,948)
	2016	(\$54,948)
	2017	(\$54,948)
	2018	(\$54,948)
	2019	\$34,834
	Thereafter	<u>\$15,327</u>
	Total	<u>(\$169,633)</u>
	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$ 952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
District's portion of net pension liability	\$1,273,677	\$1,086,478
District's proportion %	0.00666428%	0.00580299%

*Actuarial assumptions* . The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

*Discount rate.* The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 1,366,826	\$ 1,086,478	\$ 851,057

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

The TPAF and PERS 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.  The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.  The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.  Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**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 (PERS) and N.J.S.A. 18:66 (TPAF) 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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2015	\$50,488	100 %	-0-
6/30/2014	\$45,624	100	-0-
6/30/2013	\$54,312	100	-0-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2015	\$168,777	100 %	-0-
6/30/2014	\$135,044	100	-0-
6/30/2013	\$214,833	100	-0-

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$436,710 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 \$227,542 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a 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 employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

**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.



STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10: COMPENSATED ABSENCES-(Continued)**

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, 2015, 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>
2014-2015	\$187	\$5,928	\$6,739	\$92,413
2013-2014	\$10,162	\$5,550	58	\$93,037
2012-2013	\$120	\$5,596	-	\$77,383

**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.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,520,684 General Fund fund balance at June 30, 2015, \$24,469 is reserved for encumbrances; \$651,363 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$317,197 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016), \$475 has been appropriated and included as anticipated revenue for the year ending June 30, 2016, \$773,550 has been reserved in the Capital Reserve Account; and, \$70,827 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.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 854,692
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/22/2015	300,000
Budgeted Withdrawals	(382,000)
Interest Earnings	858
Ending Balance, June 30, 2015	<u>\$ 773,550</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, 2015 is \$334,166.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,807	
Special Revenue Fund		\$ 1,807
Total	<u>\$ 1,807</u>	<u>\$ 1,807</u>

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

**NOTE 17: RETROACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period:**

The District adopted GASB No. 68 *-Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 *-Pension Transition for Contributions Made Subsequent to the Measurement Date*, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

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, 2015. The appraisal revealed asset activity that that should be recorded as of June 30, 2014. Accordingly, a restatement of Net Position as of June 30, 2014 was necessary.

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2014	\$ 2,936,676
Restatement of Capital Assets	(3,576)
Restatement of Net Pension Liability	(1,273,677)
Restatement of Deferred Outflows-Pension	<u>48,420</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 1,707,843</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, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 4,017,816		\$ 4,017,816	\$ 4,017,816	
Tuition	138,810		138,810	238,396	\$ 99,586
Interest on Capital Reserve	500	\$ 358	858	858	
Miscellaneous	2,000		2,000	3,393	1,393
<b>Total - Local Sources</b>	<b>4,159,126</b>	<b>358</b>	<b>4,159,484</b>	<b>4,260,463</b>	<b>100,979</b>
<b>State Sources:</b>					
Equalization Aid	1,032,251		1,032,251	1,032,251	
Transportation Aid	151,545		151,545	151,545	
Special Education Aid	197,226		197,226	197,226	
Security Aid	32,802		32,802	32,802	
Adjustment Aid	384,085		384,085	384,085	
PARCC Readiness Aid	2,950		2,950	2,950	
Per Pupil Growth Aid	2,950		2,950	2,950	
Other State Aid - Non-public Transportation Aid				1,028	1,028
TPAF Pension Contrib. (On-Behalf - Non-Budgeted)				168,777	168,777
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				267,933	267,933
TPAF Social Security (Reimbursed - Non-Budgeted)				227,542	227,542
<b>Total State Sources</b>	<b>1,803,809</b>		<b>1,803,809</b>	<b>2,469,089</b>	<b>665,280</b>
<b>Federal Sources:</b>					
Medical Assistance Program (SEMI)	4,879		4,879	13,590	8,711
<b>Total Federal Sources</b>	<b>4,879</b>		<b>4,879</b>	<b>13,590</b>	<b>8,711</b>
<b>TOTAL REVENUES</b>	<b>5,967,814</b>	<b>358</b>	<b>5,968,172</b>	<b>6,743,142</b>	<b>774,970</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	302,966	125	303,091	302,695	396
Grades 1-5 - Salaries of Teachers	1,373,061	(16,045)	1,357,016	1,333,557	23,459
Grades 6-8 - Salaries of Teachers	330,732	87	330,819	330,819	
<b>Regular Programs - Undistributed Instruction</b>					
General Supplies	90,982	16,243	107,225	102,109	5,116
Textbooks	25,400	(6,544)	18,856	3,563	15,293
Other Objects	350	58	408	408	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,123,491</b>	<b>(6,076)</b>	<b>2,117,415</b>	<b>2,073,151</b>	<b>44,264</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	56,130		56,130	55,880	250
Other Salaries for Instruction	15,719	(4,085)	11,634	11,621	13
General Supplies	500		500	225	275
<b>Total Behavioral Disabilities</b>	<b>72,349</b>	<b>(4,085)</b>	<b>68,264</b>	<b>67,726</b>	<b>538</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	280,700	4,847	285,547	285,547	
General Supplies	900	413	1,313	1,313	
<b>Total Resource Room/Resource Center</b>	<b>281,600</b>	<b>5,260</b>	<b>286,860</b>	<b>286,860</b>	
<b>Preschool Disabilities - Part Time:</b>					
Salaries of Teachers	67,755	31,703	99,458	99,458	
Other Salaries for Instruction	33,472	(3,739)	29,733	29,732	1
General Supplies	1,550	(225)	1,325	1,249	76
<b>Total Preschool Disabilities - Part Time</b>	<b>102,777</b>	<b>27,739</b>	<b>130,516</b>	<b>130,439</b>	<b>77</b>
<b>Home Instruction:</b>					
Salaries of Teachers		170	170	170	
<b>Total Home Instruction</b>		<b>170</b>	<b>170</b>	<b>170</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>456,726</b>	<b>29,084</b>	<b>485,810</b>	<b>485,195</b>	<b>615</b>



STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	111,385	(21,327)	90,058	84,382	5,676
General Supplies	225		225	216	9
<b>Total Basic Skills/Remedial - Instruction</b>	<b>111,610</b>	<b>(21,327)</b>	<b>90,283</b>	<b>84,598</b>	<b>5,685</b>
<b>School-Sponsored Co/Extra-Curr. Activities-Instruction:</b>					
Salaries	24,024	(500)	23,524	21,862	1,662
Purchased Services (300-500 Series)	300	500	800	500	300
General Supplies	1,000		1,000	466	534
<b>Total School-Sponsored Co/Extra-Curr. Act.-Instruction</b>	<b>25,324</b>		<b>25,324</b>	<b>22,828</b>	<b>2,496</b>
<b>TOTAL INSTRUCTION</b>	<b>2,717,151</b>	<b>1,681</b>	<b>2,718,832</b>	<b>2,665,772</b>	<b>53,060</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Attendance and Social Work:</b>					
Salaries	30,041		30,041	29,903	138
<b>Total Attendance and Social Work</b>	<b>30,041</b>		<b>30,041</b>	<b>29,903</b>	<b>138</b>
<b>Health Services:</b>					
Salaries	86,255		86,255	82,595	3,660
Purchased Professional and Technical Services	3,125		3,125	1,500	1,625
Supplies and Materials	2,000		2,000	1,516	484
Other Objects	310	175	485	285	200
<b>Total Health Services</b>	<b>91,690</b>	<b>175</b>	<b>91,865</b>	<b>85,896</b>	<b>5,969</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	57,180		57,180	57,180	
Purchased Professional - Educational Services	25,000	(431)	24,569	2,361	22,208
Supplies and Materials	575	329	904	454	450
<b>Total Other Supp. Services Students-Related Services</b>	<b>82,755</b>	<b>(102)</b>	<b>82,653</b>	<b>59,995</b>	<b>22,658</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	56,329	(7,655)	48,674	34,840	13,834
<b>Total Other Supp. Services Students-Extra Services</b>	<b>56,329</b>	<b>(7,655)</b>	<b>48,674</b>	<b>34,840</b>	<b>13,834</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Regular:</b>					
Purchased Professional and Technical Services	1,500		1,500	793	707
<b>Total Other Supp. Services Students-Regular</b>	<u>1,500</u>		<u>1,500</u>	<u>793</u>	<u>707</u>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	164,355		164,355	156,855	7,500
Salaries of Secretarial and Clerical Assistants	55,097		55,097	55,096	1
Purchased Professional - Educational Services	15,500	2,077	17,577	17,577	
Other Purchased Services (400-500 series)	300		300		300
Supplies and Materials	3,000	(1,350)	1,650	881	769
Other Objects	1,000	(727)	273	100	173
<b>Total Other Supp. Services Students-Special</b>	<u>239,252</u>		<u>239,252</u>	<u>230,509</u>	<u>8,743</u>
<b>Improvement of Instruction Services:</b>					
Sal of Supervisor of Instruction	12,485		12,485	12,485	
Purchased Professional - Educational Services	5,000		5,000	4,271	729
<b>Total Improvement of Instruction Services</b>	<u>17,485</u>		<u>17,485</u>	<u>16,756</u>	<u>729</u>
<b>Educational Media Services/School Library:</b>					
Salaries	59,765		59,765	59,765	
Salaries of Technology Coordinators	32,000		32,000	24,083	7,917
Purchased Services (300-500 Series)	600	525	1,125	1,125	
Supplies and Materials	4,406	(525)	3,881	3,621	260
<b>Total Educational Media Services/School Library</b>	<u>96,771</u>		<u>96,771</u>	<u>88,594</u>	<u>8,177</u>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	13,600	(500)	13,100	2,231	10,869
<b>Total Instructional Staff Training Services</b>	<u>13,600</u>	<u>(500)</u>	<u>13,100</u>	<u>2,231</u>	<u>10,869</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	164,131		164,131	164,131	
Legal Services	12,000	8,681	20,681	20,681	
Audit Fees	11,000		11,000	11,000	
Architectual/Engineering		2,600	2,600		2,600
Other Purchased Professional Services	9,111	(1,979)	7,132	7,131	1
Communications/Telephone	11,850	(1,578)	10,272	8,886	1,386
Board of Ed. Other Purchased Services	2,580	(1,705)	875	493	382
Other Purchased Services (400-500 series)	25,697	(1,000)	24,697	21,109	3,588
General Supplies	3,500	(1,000)	2,500	1,305	1,195
Miscellaneous Expenditures	5,230	(1,419)	3,811	2,541	1,270
Board of Ed. Dues and Fees	5,144		5,144	4,293	851
<b>Total Supp. Services - General Administration</b>	<b>250,243</b>	<b>2,600</b>	<b>252,843</b>	<b>241,570</b>	<b>11,273</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	82,000		82,000	81,813	187
Salaries of Secretarial and Clerical Assistants	15,017	61	15,078	15,077	1
Purchased Professional and Technical Services	9,500	(2,594)	6,906	6,695	211
Other Purchased Services (400-500 series)	500		500	192	308
Supplies and Materials	3,000	1,930	4,930	4,930	
Other Objects	2,550	1,245	3,795	3,783	12
<b>Total Support Services - School Administration</b>	<b>112,567</b>	<b>642</b>	<b>113,209</b>	<b>112,490</b>	<b>719</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	140,961		140,961	137,145	3,816
Purchased Professional Services	14,550	(137)	14,413	13,889	524
Miscellaneous Purchased Services (400-500 series)	2,160	(262)	1,898	1,549	349
Supplies and Materials	3,000	399	3,399	3,399	
Other Objects	1,965	114	2,079	2,079	
<b>Total Central Services</b>	<b>162,636</b>	<b>114</b>	<b>162,750</b>	<b>158,061</b>	<b>4,689</b>
<b>Administrative Information Technology:</b>					
Purchased Technical Services	27,000	(3,814)	23,186	22,547	639
Supplies and Materials		3,700	3,700	1,799	1,901
<b>Total Administrative Information Technology</b>	<b>27,000</b>	<b>(114)</b>	<b>26,886</b>	<b>24,346</b>	<b>2,540</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	83,494		83,494	79,783	3,711
Cleaning, Repair and Maintenance Services	38,550	710	39,260	29,167	10,093
General Supplies	6,000	6,000	12,000	7,446	4,554
<b>Total Required Maintenance for School Facilities</b>	<b>128,044</b>	<b>6,710</b>	<b>134,754</b>	<b>116,396</b>	<b>18,358</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	126,901		126,901	117,576	9,325
Purchased Professional and Technical Services	3,300	1,126	4,426	3,564	862
Cleaning, Repair and Maintenance Services	35,760	200	35,960	28,971	6,989
Insurance	33,465		33,465	30,524	2,941
Miscellaneous Purchased Services	3,725		3,725	2,193	1,532
General Supplies	20,000	13,701	33,701	29,890	3,811
Energy (Electricity)	66,900	(7,414)	59,486	37,238	22,248
Energy (Oil)	130,000	(8,895)	121,105	84,144	36,961
Other Objects	1,650	895	2,545	2,545	
<b>Total Other Operations and Maintenance of Plant</b>	<b>421,701</b>	<b>(387)</b>	<b>421,314</b>	<b>336,645</b>	<b>84,669</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Care and Upkeep of Grounds:</b>					
Purchased Professional and Technical Services	13,500	(1,801)	11,699	9,262	2,437
General Supplies	6,000	1,801	7,801	7,801	
<b>Total Care and Upkeep of Grounds</b>	<b>19,500</b>		<b>19,500</b>	<b>17,063</b>	<b>2,437</b>
<b>School Security:</b>					
Purchased Professional and Technical Services		3,698	3,698	1,614	2,084
Cleaning, Repair and Maintenance Services	8,635	(7,635)	1,000	1,000	
General Supplies	5,000	3,937	8,937	8,937	
<b>Total School Security</b>	<b>13,635</b>		<b>13,635</b>	<b>11,551</b>	<b>2,084</b>
<b>Student Transportation Services</b>					
Sal. For Pupil Trans (Bet Home & Sch)-Reg.	16,612		16,612	16,612	
Other Purchased Professional and Technical Services	1,200		1,200	687	513
Contr Serv. - Aid in Lieu Payments	1,768		1,768		1,768
Contr Serv. - Aid in Lieu Payments - Charter Sch.	5,304		5,304	5,304	
Contracted Services (Between Home and School)-Vendors	257,728		257,728	253,886	3,842
Contracted Services (Other than Between Home and School)-Vendors	17,744	(2,082)	15,662	13,802	1,860
Contracted Services (Between Home and Sch)-Joint Agrmnts.	1,750	(1,750)			
Contracted Services (Special Education Students)-Joint Agrmnts.	14,000	(2,120)	11,880	11,880	
Contracted Services (Spl Ed Students)-ESC's & CTSA's		5,952	5,952	5,952	
<b>Total Student Transportation Services</b>	<b>316,106</b>		<b>316,106</b>	<b>308,123</b>	<b>7,983</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	74,000		74,000	57,539	16,461
Other Retirement Contributions - Regular	65,740		65,740	50,488	15,252
Workmen's Compensation	39,930		39,930	27,731	12,199
Health Benefits	1,032,074	(27,758)	1,004,316	799,656	204,660
Tuition Reimbursement	15,200		15,200	12,000	3,200
Other Employee Benefits	43,875	27,758	71,633	71,633	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>1,270,819</b>		<b>1,270,819</b>	<b>1,019,047</b>	<b>251,772</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
On-behalf TPAF pension Contrib. (non-budgeted)				168,777	(168,777)
On-behalf TPAF PRM Contrib. (non-budgeted)				267,933	(267,933)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				227,542	(227,542)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				664,252	(664,252)
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	1,270,819		1,270,819	1,683,299	(412,480)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,351,674</b>	<b>1,483</b>	<b>3,353,157</b>	<b>3,559,061</b>	<b>(205,904)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>6,068,825</b>	<b>3,164</b>	<b>6,071,989</b>	<b>6,224,833</b>	<b>(152,844)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Undistributed Expenditures-School Admin.		15,331	15,331	15,331	
Undistributed Expenditures-Admin. Info Tech.	13,700	10,070	23,770	20,679	3,091
Undistributed Expenditures-Custodial Services	24,000	(7,870)	16,130	16,130	
<b>Total Equipment</b>	<b>37,700</b>	<b>17,531</b>	<b>55,231</b>	<b>52,140</b>	<b>3,091</b>
<b>Facilities Acquisition and Construction Serv.:</b>					
Legal Services		3,029	3,029	3,029	
Architechural/Engineering Services	50,000	(6,750)	43,250	43,250	
Construction Services	388,000	1,521	389,521	367,192	22,329
Assessment for Debt Service on SDA Funding	1,790		1,790	1,790	
<b>Total Facilities Acquisition and Construction Serv.</b>	<b>439,790</b>	<b>(2,200)</b>	<b>437,590</b>	<b>415,261</b>	<b>22,329</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>477,490</b>	<b>15,331</b>	<b>492,821</b>	<b>467,401</b>	<b>25,420</b>
Transfer of Funds to Charter Schools	66,018		66,018	58,780	7,238

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<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 EXPENDITURES</b>	<b>6,612,333</b>	<b>18,495</b>	<b>6,630,828</b>	<b>6,751,014</b>	<b>(120,186)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(644,519)	(18,137)	(662,656)	(7,872)	654,784
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(644,519)	(18,137)	(662,656)	(7,872)	654,784
<b>Fund Balance, July 1</b>	1,708,757		1,708,757	1,708,757	
<b>Fund Balance, June 30</b>	<b>\$ 1,064,238</b>	<b>\$ (18,137)</b>	<b>\$ 1,046,101</b>	<b>\$ 1,700,885</b>	<b>\$ 654,784</b>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 773,550	
Excess Surplus				334,166	
Excess Surplus- Designated for Subsequent Year's Expenditures				317,197	
<b>Assigned to:</b>					
Year-End Encumbrances				24,469	
Designated for Subsequent Year's Expenditures				475	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>251,028</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				1,700,885	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payments not recognized on GAAP basis				<u>(180,201)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,520,684</u>	





STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	<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>					
Local		\$ 1,400	\$ 1,400	\$ 894	\$ (506)
Federal Sources	\$ 118,157	23,327	141,484	141,484	-
<b>Total Revenues</b>	<b>118,157</b>	<b>24,727</b>	<b>142,884</b>	<b>142,378</b>	<b>(506)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Instructional Salaries		68,384	68,384	68,384	
Other Salaries for Instruction		7,677	7,677	7,677	
Supplies	112,659	(64,413)	48,246	47,740	506
<b>Total Instruction</b>	<b>112,659</b>	<b>11,648</b>	<b>124,307</b>	<b>123,801</b>	<b>506</b>
<b>Support Services</b>					
Salaries of Other Professional Staff		2,825	2,825	2,825	
Purchased Educational Services		220	220	220	
Other Purchased Services	5,498	10,034	15,532	15,532	
<b>Total Support Services</b>	<b>5,498</b>	<b>13,079</b>	<b>18,577</b>	<b>18,577</b>	
Total Expenditures	118,157	24,727	142,884	142,378	506
<b>Total Outflows</b>	<b>\$ 118,157</b>	<b>\$ 24,727</b>	<b>\$ 142,884</b>	<b>\$ 142,378</b>	<b>506</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					<u>None</u>
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					<u>None</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-3

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

For the Fiscal Year Ended June 30, 2015

**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)	\$ 6,743,142	\$ 142,378
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	179,611	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(180,201)</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>\$ 6,742,552</u>	<u>\$ 142,378</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)	\$ 6,751,014	\$ 142,378
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>\$ 6,751,014</u>	<u>\$ 142,378</u>

**Stillwater Township School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Exhibit L-3**

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>								
Total	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>								
District's covered employee payroll	\$ 3,092,559	\$ 3,221,083								
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**Exhibit L-1**

**Public Employees' Retirement System (PERS)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.005802989%	0.006664282%								
District's proportionate share of the net pension liability (asset)	<u>\$ 1,086,478</u>	<u>\$ 1,273,677</u>								
District's covered employee payroll	\$ 655,505	\$ 613,816								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.75%	207.50%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Stillwater Township School District  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 3,092,559	\$ 3,221,083								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

**Public Employees' Retirement System (PERS)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 45,624	\$ 54,312								
Contributions in relation to the contractually required contribution	<u>(45,624)</u>	<u>(54,312)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered employee payroll	\$ 655,505	\$ 613,816								
Contributions as a percentage of covered-employee payroll	6.96%	8.85%								

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

STILLWATER SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2015

**Teachers' Pension and Annuity Fund (TPAF)**

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.



**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, 2015

	<b>Title I</b>	<b>Title I I Part A</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>REAP</b>	<b>Local</b>	<b>Totals</b>
<b>REVENUES</b>							
Local						\$ 894	\$ 894
Federal Sources	\$19,126	\$ 6,587	\$ 79,284	\$ 5,536	\$ 30,951		141,484
<b>TOTAL REVENUES</b>	<b>19,126</b>	<b>6,587</b>	<b>79,284</b>	<b>5,536</b>	<b>30,951</b>	<b>894</b>	<b>142,378</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Instructional Salaries	10,761		57,623				68,384
Other Salaries for Instruction			3,200	4,477			7,677
Supplies	8,365		6,471	1,059	30,951	894	47,740
<b>Total Instruction</b>	<b>19,126</b>		<b>67,294</b>	<b>5,536</b>	<b>30,951</b>	<b>894</b>	<b>123,801</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff		385	2,440				2,825
Purchased Educational Services		220					220
Other Purchased Services		5,982	9,550				15,532
<b>Total Support Services</b>		<b>6,587</b>	<b>11,990</b>				<b>18,577</b>
<b>TOTAL EXPENDITURES</b>	<b>19,126</b>	<b>6,587</b>	<b>79,284</b>	<b>5,536</b>	<b>30,951</b>	<b>894</b>	<b>142,378</b>
<b>Total Outflows</b>	<b>19,126</b>	<b>6,587</b>	<b>79,284</b>	<b>5,536</b>	<b>30,951</b>	<b>894</b>	<b>142,378</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.

N/A

<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 POSITION  
FIDUCIARY FUNDS  
June 30, 2015**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>AGENCY FUNDS</b>		
		<b>STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	<b>TOTALS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 92,413	\$ 5,003	\$ 41,064	\$ 138,480
<b>TOTAL ASSETS</b>	<u>\$ 92,413</u>	<u>\$ 5,003</u>	<u>\$ 41,064</u>	<u>\$ 138,480</u>
<b>LIABILITIES:</b>				
Liabilities:				
Payable to Student Groups		\$ 5,003		\$ 5,003
Payroll Deductions and Withholdings			\$ 35,788	35,788
Health Reimbursement Account			5,272	5,272
Accounts Payable		-	4	4
<b>Total Liabilities</b>		<u>5,003</u>	<u>41,064</u>	<u>46,067</u>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 92,413			92,413
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 92,413</u>	<u>\$ 5,003</u>	<u>\$ 41,064</u>	<u>\$ 138,480</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>TOTALS</b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 5,928	\$ 5,928
Total Contributions	<u>5,928</u>	<u>5,928</u>
Investment Earnings:		
Interest	<u>187</u>	<u>187</u>
Net Investment Earnings	<u>187</u>	<u>187</u>
<b>Total Additions</b>	<b><u>6,115</u></b>	<b><u>6,115</u></b>
<b>DEDUCTIONS</b>		
Claims/Quarterly Contribution Reports	<u>6,739</u>	<u>6,739</u>
<b>Total Deductions</b>	<b><u>6,739</u></b>	<b><u>6,739</u></b>
Change in Net Position	(624)	(624)
Net Position—Beginning of the Year	<u>93,037</u>	<u>93,037</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 92,413</u></b>	<b><u>\$ 92,413</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, 2015**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2014</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2015</u>
Student Activity Accounts	\$ 2,925		\$ 35,135	\$ 33,057	\$ 5,003
<b>Total</b>	<b>\$ 2,925</b>	<b>-</b>	<b>\$ 35,135</b>	<b>\$ 33,057</b>	<b>\$ 5,003</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BALANCE</u> <u>July 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 40,771	\$ 4,234,310	\$ 4,234,017	\$ 41,064
<b>Total Assets</b>	<b>\$ 40,771</b>	<b>\$ 4,234,310</b>	<b>\$ 4,234,017</b>	<b>\$ 41,064</b>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 35,556	\$ 1,880,215	\$ 1,879,983	\$ 35,788
Salaries and Wages	-	2,258,195	2,258,195	-
Health Reimbursement Account	5,203	13,350	13,281	5,272
Summer Pay Plan	-	82,550	82,550	-
Accounts Payable	12		8	4
	-			-
<b>Total Liabilities</b>	<b>\$ 40,771</b>	<b>\$ 4,234,310</b>	<b>\$ 4,234,017</b>	<b>\$ 41,064</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.	88-93
<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.	94-97
<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.	98-101
<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.	102-103
<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.	104-108

**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 Position by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-1**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,760,481	\$ 1,682,199	\$ 1,682,890	\$ 1,644,211	\$ 1,577,626	\$ 1,518,908	\$ 1,455,534	\$ 1,373,154	\$ 1,555,227	\$ 1,907,174
Restricted	390,430	336,846	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388
Unrestricted	(284,988)	(155,424)	(129,798)	(233,237)	(205,715)	(133,042)	(176,444)	(71,826)	(58,338)	(1,281,627)
Total governmental activities net position	<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>	<u>\$ 2,253,918</u>	<u>\$ 2,460,122</u>	<u>\$ 2,936,676</u>	<u>\$ 2,050,935</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 44,359	\$ 46,574	\$ 39,939	\$ 35,082	\$ 36,857	\$ 25,670	\$ 19,569	\$ 13,468	\$ 7,367	\$ 1,267
Restricted								-	-	-
Unrestricted	14,652	16,527	17,421	15,965	31,317	33,797	30,513	30,847	30,431	29,783
Total business-type activities net position	<u>\$ 59,011</u>	<u>\$ 63,101</u>	<u>\$ 57,360</u>	<u>\$ 51,047</u>	<u>\$ 68,174</u>	<u>\$ 59,467</u>	<u>\$ 50,082</u>	<u>\$ 44,315</u>	<u>\$ 37,798</u>	<u>\$ 31,050</u>
District-wide										
Invested in capital assets, net of related debt	\$ 1,804,840	\$ 1,728,773	\$ 1,722,829	\$ 1,679,293	\$ 1,614,483	\$ 1,544,578	\$ 1,475,103	\$ 1,386,622	\$ 1,562,594	\$ 1,908,441
Restricted	390,430	336,846	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388
Unrestricted	(270,336)	(138,897)	(112,377)	(217,272)	(174,398)	(99,245)	(145,931)	(40,979)	(27,907)	(1,251,844)
Total district net position	<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>	<u>\$ 2,304,000</u>	<u>\$ 2,504,437</u>	<u>\$ 2,974,474</u>	<u>\$ 2,081,985</u>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 2,797,460	\$ 3,084,169	\$ 3,079,288	\$ 2,900,814	\$ 2,996,887	\$ 2,875,287	\$ 3,018,698	\$ 3,056,614	\$ 3,083,544	\$ 3,488,253
Special education	495,147	585,408	543,270	579,109	698,908	568,226	540,784	557,730	579,851	759,695
Other special education	152,802	193,023	200,837	173,520	240,024	207,110	222,157	217,106	188,902	168,203
School Sponsored					23,392	-	-			
Support Services:										
Tuition	34,834	4,497	13,431	957		97,434	57,606			
Student & instruction related services	652,076	732,245	725,005	715,600	678,038	747,938	784,025	754,085	750,617	889,495
General administrative services	503,828	468,714	388,435	285,611	330,206	589,588	568,651	555,793	540,672	668,027
School administrative services	199,194	200,259	201,034	191,349	205,989	190,509	188,068	173,408	176,183	176,132
Business administrative services			190,566	171,017	179,511	-	-			
Plant operations and maintenance	386,960	427,882	474,269	457,348	482,230	581,981	625,475	598,453	688,842	756,154
Pupil transportation	403,386	325,232	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123
Charter School				8,480	41,737	-	-			
Interest Expense and fiscal charges									1,790	1,790
Capital Outlay					4,334	-	-			
Unallocated depreciation	72,470	72,470	95,112	197,862	69,961	58,334	62,089	54,704	63,314	75,245
Total governmental activities expenses	<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>	<u>6,376,909</u>	<u>6,276,836</u>	<u>6,353,630</u>	<u>7,291,117</u>
Business-type activities:										
Food service	128,625	133,569	139,546	137,346	146,649	139,349	149,489	136,107	130,175	129,335
Total business-type activities expense	<u>128,625</u>	<u>133,569</u>	<u>139,546</u>	<u>137,346</u>	<u>146,649</u>	<u>139,349</u>	<u>149,489</u>	<u>136,107</u>	<u>130,175</u>	<u>129,335</u>
Total district expenses	<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>	<u>\$ 6,526,398</u>	<u>\$ 6,412,943</u>	<u>\$ 6,483,805</u>	<u>\$ 7,420,452</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Tuition	\$ 65,408	\$ 72,686	\$ 86,923	\$ 85,748	\$ 43,214	\$ 58,309	\$ 106,199	\$ 152,769	\$ 191,115	\$ 238,396
Operating grants and contributions	2,027,318	2,010,576	378,281	918,141	999,591	2,388,085	2,643,259	2,565,233	2,601,587	3,372,852
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>2,749,458</u>	<u>2,718,002</u>	<u>2,792,702</u>	<u>3,611,248</u>
Business-type activities:										
Charges for services										
Food service	92,845	100,215	99,404	100,907	105,742	99,641	99,234	91,053	82,258	79,286
Operating grants and contributions	23,657	28,322	32,764	31,107	39,383	35,929	40,838	39,271	37,941	38,774
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>116,502</u>	<u>128,537</u>	<u>132,168</u>	<u>132,014</u>	<u>145,125</u>	<u>135,570</u>	<u>140,072</u>	<u>130,324</u>	<u>120,199</u>	<u>118,060</u>
Total district program revenues	<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>	<u>\$ 2,889,530</u>	<u>\$ 2,848,326</u>	<u>\$ 2,912,901</u>	<u>\$ 3,729,308</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,605,431)	\$ (4,010,637)	\$ (5,785,950)	\$ (5,026,387)	\$ (5,222,339)	\$ (3,770,347)	\$ (3,627,451)	\$ (3,558,834)	\$ (3,560,928)	\$ (3,679,869)
Business-type activities	(12,123)	(5,032)	(7,378)	(5,332)	(1,524)	(3,779)	(9,417)	(5,783)	(9,976)	(11,275)
Total district-wide net expense	<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>	<u>\$ (3,636,868)</u>	<u>\$ (3,564,617)</u>	<u>\$ (3,570,904)</u>	<u>\$ (3,691,144)</u>

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

**Exhibit J-2**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,131,459	\$ 3,256,387	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816
Property taxes levied for debt service, net										
Federal and State Aid not restricted	432,903	712,518	2,466,765	1,621,973	1,383,512	-	-			
Investment earnings	16,646	21,016	21,343	15,580	2,582	4,279	2,850	3,274	3,494	4,076
Miscellaneous income	8,958	18,413	19,000	19,001	8,714	-	-	1,282	4,991	1,069
Federal and State Aid for Capital Assets Projects	8,958					16,661				
Disposal of Assets	(60,282)									
Transfers	(9,249)		(721)	(989)						
Total governmental activities	<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>	<u>3,827,548</u>	<u>3,905,747</u>	<u>3,987,310</u>	<u>4,022,961</u>
Business-type activities:										
Investment earnings	1,023	943	915	672	390	141	32	16	76	76
Miscellaneous income	(914)				18,261	(5,069)			3,383	4,451
Transfers	9,249	8,180	721	989						
Total business-type activities	<u>9,358</u>	<u>9,123</u>	<u>1,636</u>	<u>1,661</u>	<u>18,651</u>	<u>(4,928)</u>	<u>32</u>	<u>16</u>	<u>3,459</u>	<u>4,527</u>
Total district-wide	<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>	<u>\$ 3,827,580</u>	<u>\$ 3,905,763</u>	<u>\$ 3,990,769</u>	<u>\$ 4,027,488</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (76,038)	\$ (2,303)	\$ 89,009	\$ 229,265	\$ (173,963)	\$ 297	\$ 200,097	\$ 346,913	\$ 426,382	\$ 343,092
Business-type activities	(2,765)	4,091	(5,742)	(3,671)	17,127	(8,707)	(9,385)	(5,767)	(6,517)	(6,748)
Total district	<u>\$ (78,803)</u>	<u>\$ 1,788</u>	<u>\$ 83,267</u>	<u>\$ 225,594</u>	<u>\$ (156,836)</u>	<u>\$ (8,410)</u>	<u>\$ 190,712</u>	<u>\$ 341,146</u>	<u>\$ 419,865</u>	<u>\$ 336,344</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 372,457	\$ 318,874	\$ 381,564	\$ 841,079	\$ 706,179	\$ 690,269	\$ 915,276	\$ 1,110,387	\$ 1,458,282	\$ 1,449,857
Unreserved	9,565 <sup>1</sup>	156,013	150,522	48,775	45,649	75,722	63,907	76,440	70,864	70,827
Total general fund	<u>\$ 382,022</u>	<u>\$ 474,887</u>	<u>\$ 532,086</u>	<u>\$ 889,854</u>	<u>\$ 751,828</u>	<u>\$ 765,991</u>	<u>\$ 979,183</u>	<u>\$ 1,186,827</u>	<u>\$ 1,529,146</u>	<u>\$ 1,520,684</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 17,973	\$ 38,606	\$ 64,761	\$ 57,511	\$ -	-
Debt service fund										
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 17,973</u>	<u>\$ 38,606</u>	<u>\$ 64,761</u>	<u>\$ 57,511</u>	<u>\$ -</u>	<u>-</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Tax levy	\$ 3,131,459	\$ 3,256,387	\$ 3,368,572	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816
Tuition charges	65,408	72,686	86,923	85,748	43,214	58,309	106,199	152,769	191,115	238,396
Interest earnings	16,646	21,016	21,344	15,580	2,582	1,201	761	834	910	858
Miscellaneous	8,958	18,413	19,000	19,001	8,714	3,078	2,089	3,722	7,575	4,287
State sources	2,324,142	2,586,614	2,697,014	2,376,826	1,934,433	2,252,699	2,398,842	2,447,609	2,370,199	2,468,499
Federal sources	136,079	136,480	148,032	163,288	448,670	152,047	244,417	117,624	231,388	155,074
<b>Total revenue</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>6,217,038</b>	<b>6,577,006</b>	<b>6,623,749</b>	<b>6,780,012</b>	<b>6,884,930</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	2,101,452	2,166,988	2,221,277	2,166,948	2,136,330	2,133,081	2,214,867	2,187,612	2,230,312	2,196,952
Special education instruction	312,509	339,988	367,105	413,726	545,686	426,817	401,820	403,448	423,512	485,195
Other special instruction	102,940	128,591	136,754	145,782	168,101	155,569	165,070	157,049	137,970	107,426
School Sponsored Other Instruction					16,655	-	-			
Support Services:										
Tuition	34,834	4,497	13,431	957		97,434	57,606			
Student & instruction related services	494,853	515,845	501,695	530,222	552,704	561,806	582,556	545,486	548,236	568,094
General administrative services	396,187	390,406	292,721	253,407	280,167	289,161	263,828	246,363	225,686	265,916
School Administrative services	131,900	138,593	138,644	143,476	148,322	143,099	139,741	125,439	128,681	112,490
Business administrative services			136,508	139,200	151,265	151,630	156,493	153,741	166,961	158,061
Plant operations and maintenance	346,755	358,926	393,770	391,911	437,352	436,158	463,694	431,977	502,041	481,655
Pupil transportation	351,735	325,232	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123
Unallocated employee benefits	1,267,591	1,602,577	1,655,761	1,266,077	1,396,215	1,415,272	1,552,530	1,665,385	1,577,988	1,683,299
Special Revenue										
Charter Schools				8,480	41,737	-	-	58,542	51,723	58,780
Capital outlay	88,086	27,088	85,390	82,978	40,746	71,881	30,098	139,370	222,179	467,401
Debt service										
<b>Total expenditures</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>	<b>6,337,659</b>	<b>6,423,355</b>	<b>6,495,204</b>	<b>6,893,392</b>
Excess (Deficiency) of revenues over (under) expenditures	53,850	92,865	57,922	368,757	(138,026)	34,796	239,347	200,394	284,808	(8,462)
<b>Other Financing Sources (uses)</b>										
Transfers in									8,409	
Transfers out	(9,249)		(721)	(989)					(8,409)	-
<b>Total other financing sources (uses)</b>	<b>(9,249)</b>	<b>-</b>	<b>(721)</b>	<b>(989)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 44,601</b>	<b>\$ 92,865</b>	<b>\$ 57,201</b>	<b>\$ 367,768</b>	<b>\$ (138,026)</b>	<b>\$ 34,796</b>	<b>\$ 239,347</b>	<b>\$ 200,394</b>	<b>\$ 284,808</b>	<b>\$ (8,462)</b>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	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>
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
2012	2,850			106,199		-	109,049
2013	2,440		834	152,769		1,282	157,325
2014	3,494		910	191,115		4,081	199,600
2015	3,218		858	238,396		175	242,647

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>farmland value</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>
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
2011	4,844,700	208,917,300	27,198,200		8,339,200	326,400	-	280,145,236	30,307,200	212,236	249,838,036	1.515	554,436,528
2012	4,785,900	207,881,600	27,927,700		8,239,200	326,400	-	279,734,329	30,335,300	238,229	249,399,029	1.549	527,808,416
2013	4,745,100	207,670,500	27,937,400		8,179,500	326,400	-	279,879,482	30,748,500	272,082	249,130,982	1.582	470,419,448
2014	4,745,100	207,670,500	27,937,400		8,179,500	326,400	-	279,879,482	30,748,500	272,082	249,130,982	1.549	470,419,448
2015	7,172,100	341,912,400	40,640,000	\$1,590,100	13,500,600	324,700	-	473,141,306	67,463,000	538,406	405,678,306	0.986	435,487,945

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	
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
2011	\$1.515	\$1.515	\$1.294	\$0.848	\$1.004	\$4.661
2012	\$1.549	\$1.549	\$1.371	\$0.863	\$0.984	\$4.767
2013	\$1.582	\$1.582	\$1.374	\$0.866	\$0.934	\$4.756
2014	\$1.549	\$1.549	\$1.371	\$0.863	\$0.984	\$4.767
2015	\$0.986	\$0.986	\$0.856	\$0.514	\$0.560	\$2.916

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	2014			2001		
	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.	\$ 2,041,500	1	0.44%	\$ 1,105,400	1	0.46%
Mission of TAO - Confucianism				873,800	2	0.36%
North Shore House	1,297,500	2	0.27%	605,300	4	0.25%
Individual Taxpayer #1	1,255,100	3	0.35%	814,900	3	0.34%
Individual Taxpayer #2	1,203,100	4	0.28%			
Individual Taxpayer #3	1,168,000	5	0.26%	570,300	5	0.24%
Individual Taxpayer #4	1,082,000	6	0.26%	570,100	6	0.24%
Individual Taxpayer #5	1,001,100	7	0.23%	541,500	7	0.23%
Individual Taxpayer #6	906,700	8	0.22%	518,900	8	0.22%
Individual Taxpayer #7	879,800	9	0.21%	463,400	9	0.19%
Individual Taxpayer #8	853,200	10	0.21%	445,500	10	0.19%
<b>Total</b>	<b>\$ 11,688,000</b>		<b>2.73%</b>	<b>\$ 6,509,100</b>		<b>2.72%</b>

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	
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%	-
2012	\$3,824,698	\$3,824,698	100.00%	-
2013	\$3,901,191	\$3,901,191	100.00%	-
2014	\$3,978,825	\$3,978,825	100.00%	-
2015	\$4,017,816	\$4,017,816	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		
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
2012	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A
2015	-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		
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-
2012	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-
2015	-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, 2015**

**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	\$ 1,405,000	100.000%	\$ 1,405,000
<b>Other debt</b>			
Kittatinny Regional School District	1,635,000	25.603%	418,602
Sussex County	68,100,067	2.52%	<u>1,715,365</u>
Subtotal, overlapping debt			3,538,967
<b>Stillwater Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 3,538,967</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 2015**

	Equalized valuation basis
	2014 \$ 447,520,049
	2013 462,047,716
	2012 469,760,181
	<b>[A]</b> <u>\$ 1,379,327,946</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 459,775,982
Debt limit (2.5 % of average equalization value)	<b>[B]</b> 11,494,400
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 11,494,400</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$10,484,109	\$11,975,474	\$13,369,343	\$14,264,857	\$14,556,723	\$14,370,366	\$14,370,366	\$12,919,313	\$12,161,125	\$11,494,400
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$14,370,366</u>	<u>\$12,919,313</u>	<u>\$12,161,125</u>	<u>\$11,494,400</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	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>
2006	4,340	\$200,508,000	\$46,200 R	1.5%
2007	4,338	\$212,119,524	\$48,898 R	1.7%
2008	4,334	\$215,616,500	\$49,750 R	1.6%
2009	4,326	\$208,777,086	\$48,261 R	2.1%
2010	4,312	\$211,469,104	\$49,042 R	3.5%
2011	4,095	\$208,026,000	\$50,800 R	3.7%
2012	4,063	\$213,681,296	\$52,592 R	3.6%
2013	4,035	\$213,685,530	\$52,958 R	3.6%
2014	3,999	\$211,779,042	\$52,958 *	5.8%
2015	3,975	\$210,508,050	\$52,958 *	*

**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	2014			2005		
	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 Ten Fiscal Years**

**Exhibit J-16**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	37.4	37.5	37.0	37.0	38.0	37.0	27.6	31.6	31.6	29.6
Special education	5.0	5.0	5.0	5.0	7.0	7.0	8.0	6.0	6.0	8.0
Other special education	2.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
Support Services:										
Student and Instruction Related Services	4.7	4.7	3.0	2.0	2.0	2.0	8.8	8.0	7.5	9.4
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.2
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5
Transportation	-	-	-	-	-	-	-	-	-	0.2
Total	<u>57.6</u>	<u>59.2</u>	<u>57.0</u>	<u>56.0</u>	<u>59.0</u>	<u>58.0</u>	<u>55.9</u>	<u>57.1</u>	<u>57.3</u>	<u>58.9</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					
2006	404	\$ 5,402,527	\$ 13,373	4.22%	46	1:8.8		407.7	388.9	-0.29%	95.4%
2007	394	5,833,097	14,805	10.71%	46	1:8.7		401.8	391.0	-1.45%	97.3%
2008	416	6,049,540	14,542	-1.77%	46	1:8.8		402.3	382.9	0.12%	95.2%
2009	398	5,674,027	14,256	-1.97%	45	1:8.8		406.9	386.8	1.14%	95.1%
2010	401	6,188,461	15,433	8.25%	45	1:8.8		398.6	377.9	-2.04%	94.8%
2011	381	6,110,361	16,038	3.92%	45	1:8.5		377.8	359.4	-5.22%	95.1%
2012	370	6,307,561	17,047	6.30%	40	1:9.2		365.0	348.0	-3.39%	95.3%
2013	356	6,283,985	17,652	3.54%	40	1:8.9		354.8	335.6	-2.79%	94.6%
2014	340	6,273,025	18,450	4.52%	40	1:8.5		343.0	325.9	-3.33%	95.0%
2015	350	6,425,991	18,360	-0.49%	40	1:8.8		349.9	331.3	2.01%	94.7%

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	404	394	416	398	401	381	370	356	340	350

Number of Schools at June 30, 2015  
 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, 2015

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
Elementary School	N/A	\$ 112,738	\$ 90,869	\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 1,033,525
Total School Facilities		112,738	90,869	87,895	113,491	117,863	88,681	114,812	98,604	92,176	116,396	522,856
Other Facilities												
<b>Grand Total</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>\$ 114,812</b>	<b>\$ 98,604</b>	<b>\$ 92,176</b>	<b>\$ 116,396</b>	<b>\$ 522,856</b>

STILLWATER TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMPREHENSIVE PACKAGE POLICY - NJSBAIG</b>		
Property-Blanket Building and Contents Sussex Insurance Pool Limit	\$ 400,000,000	\$ 5,000
Comprehensive Crime Coverage:		
Theft Disappearance	100,000	1,000
Employee Dishonesty	1,000,000	1,000
Comprehensive Casualty Coverage:		
Includes General Liability, Auto, Employee Benefits	11,000,000	
School Board Legal Liability	11,000,000	
Excess Liability	11,000,000	
Worker's Compensation	250,000	
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND - Selective Insurance Company</b>		
Treasurer	250,000	
Board Secretary	200,000	
Public Employee Dishonesty	1,000,000	

SOURCE: District Records

# Single Audit Section





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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Stillwater Township School District Board of Education in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Stillwater Township School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

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

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

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

-Continued-

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP

November 16, 2015

*Cynthia Corder*

Licensed Public School Accountant No.2369



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### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 04-04 and 15-08**

#### Independent Auditor's Report

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

#### **Report on Compliance for Each Major State Program**

We have audited the Stillwater Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 04-04 and 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2015. 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.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the Stillwater Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the Stillwater Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circulars 04-04 and 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*Ardito & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Cynthia Corder*

Licensed Public School Accountant No.2369

STILLWATER TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2015

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			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>															
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,032,251			\$ 1,032,251	\$ (1,032,251)							*	\$ 103,122 \$ 1,032,251
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	151,545			151,545	(151,545)							*	15,139 151,545
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	197,226			197,226	(197,226)							*	19,703 197,226
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	32,802			32,802	(32,802)							*	3,277 32,802
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	384,085			384,085	(384,085)							*	38,370 384,085
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	2,950			2,950	(2,950)							*	295 2,950
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	2,950			2,950	(2,950)							*	295 2,950
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	1,028				(1,028)			\$ (1,028)				*	1,028
Non-Public Transportation Aid	14-100-034-5120-068	7/1/15-6/30/14		\$ (475)		475	-							*	
On-behalf TPAF Pension Contrib.	15-495-034-5094-006	7/1/14-6/30/15	436,710			436,710	(436,710)							*	436,710
Reimbursed TPAF Soc.Secur.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	227,542			227,567	(227,542)				(10,854)			*	227,542
<b>Total General Fund</b>				<b>(11,354)</b>		<b>2,468,561</b>	<b>(2,469,089)</b>				<b>(11,882)</b>			*	<b>180,201 2,469,089</b>
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	14-100-010-3350-023	7/1/14-6/30/15		(110)		110								*	
Nat.School Lunch Prog.(State Share)	15-100-010-3350-023	7/1/15-6/30/14	1,351			1,242	(1,351)				(109)			*	1,351
<b>Total Enterprise Fund</b>				<b>(110)</b>		<b>1,352</b>	<b>(1,351)</b>				<b>(109)</b>			*	<b>1,351</b>
<b>Total State Financial Assistance</b>				<b>\$ (11,464)</b>		<b>\$ 2,469,913</b>	<b>\$ (2,470,440)</b>				<b>\$ (11,991)</b>			*	<b>\$ 180,201 \$ 2,470,440</b>

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, 2015

**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 (\$590) 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, 2015

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 13,590	\$ 2,468,499	\$ 2,482,089
Special Revenue Fund	141,484	-	141,484
Food Service Fund	<u>37,423</u>	<u>1,351</u>	<u>38,774</u>
Total Financial Assistance	<u>\$ 192,497</u>	<u>\$ 2,469,850</u>	<u>\$ 2,662,347</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, 2015. 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, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unmodified
  
- 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: N/A
  
- E) Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No
  
- F) Type of auditor's report on compliance for major programs: Unmodified
  
- 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, 2015

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: Unmodified
- M) 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 reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?   \_yes\_  \_no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Soc. Sec.</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-085</u>	<u>Adjustment Aid</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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 or 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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