

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, 2016

Comprehensive Annual

Financial Report

of the

**Stillwater Township School District
Board of Education
Stillwater, New Jersey
For the Fiscal Year Ending June 30, 2016**

**Prepared by
Stillwater Township School District
Board of Education
Finance Department**

OUTLINE OF CAFR

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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

September 22, 2016

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, 2016, 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 2015/2016 fiscal year with an average enrollment of 323 students, which has been a decrease in 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>
2015-16	323	(-8.9)
2014-15	350	(2.0%)
2013-14	343	(-3.3%)
2012-13	355	(-2.7%)
2011-12	365	(-3.4%)

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 has been on a steady decline and 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 2015-2016 fiscal year. The second phase of the window project, the final phase of the lock project, additional cameras installed, A/C upgrades, a new network backup system and safety bollards were completed.

Also, this year, 4 new Chromebook carts were purchased. Science and English-Language Arts 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, 2016.

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, 2016, the District's outstanding debt issues included \$0 of the safe schools loan. All debt for the district has been retired.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2" The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the ACT.

The Honorable President and Members
of the Board of Education
September 22, 2016
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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.

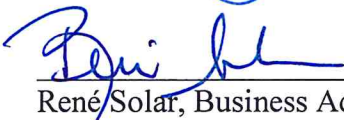
11) ACKNOWLEDGMENTS:

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,

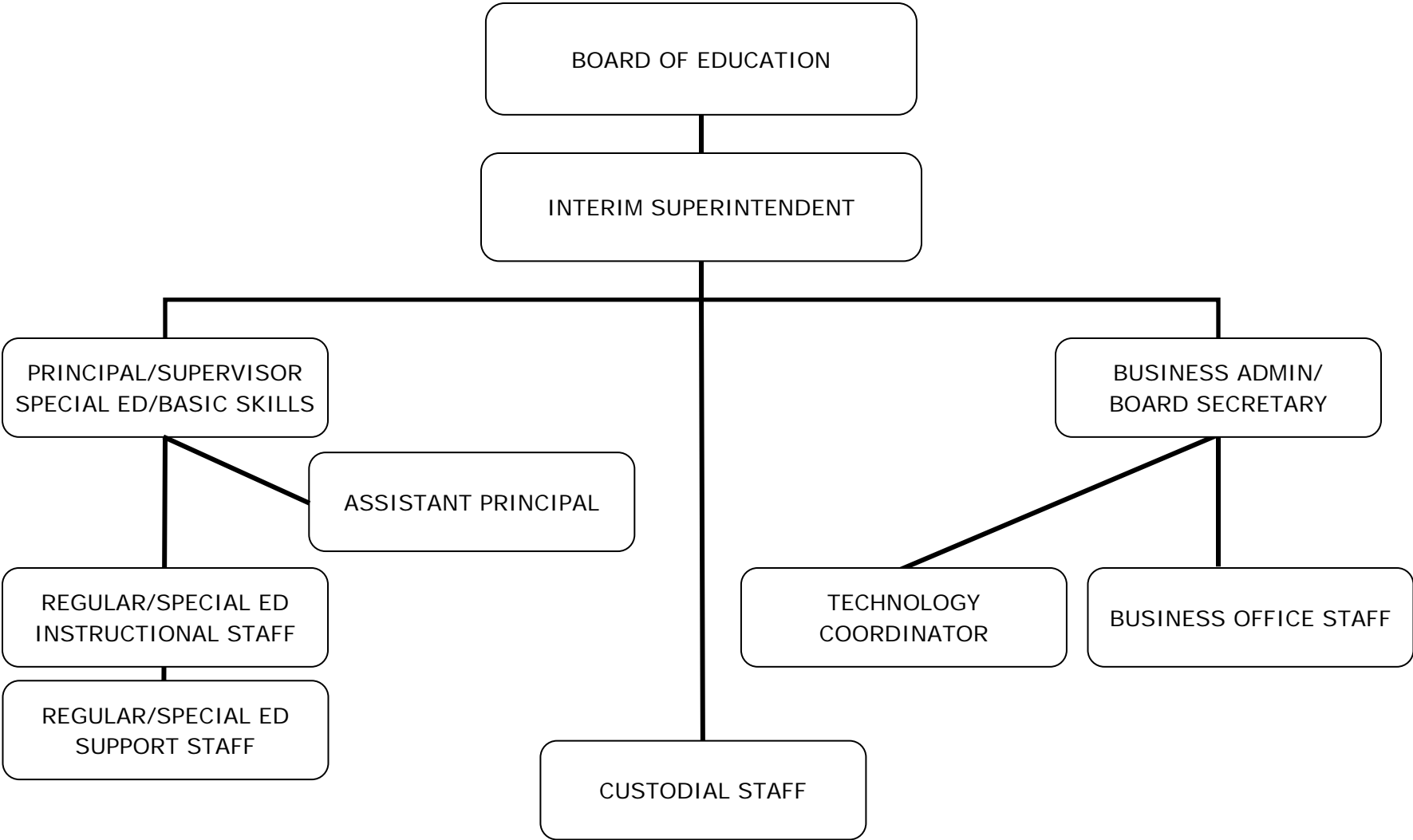


Matthew Robinson, Superintendent



René Solar, Business Administrator/Board Secretary

STILLWATER TOWNSHIP BOARD OF EDUCATION



**STILLWATER TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Shannon Nothstine, <i>President</i>	2018
Christina Santore, <i>Vice-President</i>	2016
Dennis DeGroat	2017
Krista Galante	2017
Michael Grace	2016
Danielle LoCascio	2017
Joanne Saul	2016
Kathleen Svendsen	2018
Martin Theys	2018

Other Officials

Dr. George Petty, *Interim 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

Sciarrillo Cornell
238 St Paul Street
Westfield, New Jersey 07090

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, 2016, 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, 2016, 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, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 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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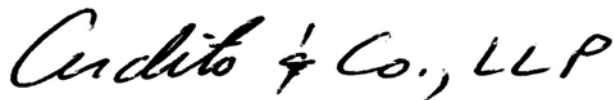
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived 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, and schedule of state financial assistance, as required by New Jersey OMB's circular 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 September 30, 2016, 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
September 30, 2016



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, 2016
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, 2016. 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 2016 are as follows:

- ◆ In total, Net Position increased \$365,847 which represents a 17.6% increase from 2015.
- ◆ General revenues accounted for \$4,090,325 in revenue or 52.8% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,658,818 or 47.2% of total revenues of \$7,749,143.
- ◆ Total assets of governmental activities increased by \$337,062, as cash and cash equivalents increased by \$171,428, receivables increased by \$11,331, and capital assets increased by \$150,564.
- ◆ The School District had \$7,383,296 in expenses; only \$3,658,818 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,090,325 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,803,931 in revenues and \$6,623,594 in expenditures. The General Fund's surplus balance increased \$180,337 over 2015, which compares favorably to the budgeted decrease of \$647,172.

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, 2016
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 2016?" 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, 2016
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 2016 compared to 2015.

	<u>2016</u>	<u>2015</u>
Table 1 Net Position		
Assets		
Current and Other Assets	\$ 1,803,456	\$ 1,616,958
Capital Assets	<u>2,059,005</u>	<u>1,908,441</u>
Total Assets	<u>3,862,461</u>	<u>3,525,399</u>
Deferred Outflows of Resources	<u>249,893</u>	<u>84,653</u>
Liabilities		
Long-Term Liabilities	1,451,150	1,257,778
Other Liabilities	<u>78,448</u>	<u>66,491</u>
Total Liabilities	<u>1,529,598</u>	<u>1,324,269</u>
Deferred Inflows of Resources	<u>134,924</u>	<u>203,798</u>
Net Position		
Invested in Capital Assets, Net of Debt	2,059,005	1,908,441
Restricted	1,612,948	1,425,388
Unrestricted	<u>(1,224,121)</u>	<u>(1,251,844)</u>
Total Net Position	<u>\$ 2,447,832</u>	<u>\$ 2,081,985</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

Total assets of governmental activities increased by \$337,062, as cash and cash equivalents increased by \$171,428, receivables increased by \$11,331, and capital assets increased by \$150,564.

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, A/C units and other various equipment acquisitions.

Table 2 shows the changes in Net Position from fiscal year 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 253,365	\$ 317,682
Operating Grants and Contributions	3,405,453	3,411,626
General Revenues:		
Property Taxes	4,043,035	4,017,816
Federal & State Aid on Capital Asset Projects		
Investment Earnings	3,958	4,152
Other	<u>43,332</u>	<u>5,520</u>
Total Revenues	<u>7,749,143</u>	<u>7,756,796</u>
Program Expenses		
Instruction	4,490,258	4,416,151
Support Services:		
Tuition		
Pupils and Instructional Staff	907,722	889,495
General Administration, School Administration, Business	803,282	844,159
Operations and Maintenance of Facilities	659,861	756,154
Pupil Transportation	304,332	308,123
Business-Type Activities	128,499	129,335
Interest and Fiscal Charges	<u>89,342</u>	<u>77,035</u>
Total Expenses	<u>7,383,296</u>	<u>7,420,452</u>
Increase in Net Position	<u>\$ 365,847</u>	<u>\$ 336,344</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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 52.2% percent of revenues for governmental activities for the Stillwater Township School District for the fiscal year 2016.

Instruction comprises 60.8% of district expenses. Support services expenses make up 36.2% 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 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 4,490,258	\$ 2,174,355	\$ 4,416,151	\$ 2,076,743
Support Services:				
Tuition	-	-	-	-
Pupils and Instructional Staff	907,722	476,896	889,495	472,491
General Admin., School Admin., Business	803,282	442,023	844,159	466,039
Operation and Maintenance of Facilities	659,861	362,448	756,154	417,454
Pupil Transportation	304,332	167,150	308,123	170,107
Business-Type Activities	128,499	12,264	129,335	11,275
Interest and Fiscal Charges	<u>89,342</u>	<u>89,342</u>	<u>77,035</u>	<u>77,035</u>
Total Expenses	<u>\$ 7,383,296</u>	<u>\$ 3,724,478</u>	<u>\$ 7,420,452</u>	<u>\$ 3,691,144</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, 2016
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 48.4% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 54.1%. 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 \$6,957,688 and expenditures of \$6,777,351. The General Fund's surplus balance increased \$180,337 over 2015, which compares favorably to the budgeted decrease of \$647,172.

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 2016 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 \$6,075,111, \$96,767 over original budgeted estimates of \$5,978,344. This difference was due primarily to increases in tuition based programs.

General fund revenues exceeded expenditures by \$180,337. Again this surplus compares to a budgeted deficit of \$647,172, which was due to the budgeted use of surplus and maintenance reserve needed to balance the 2015-2016 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 \$1,881,222, and amounts ear-marked and reserved for future purposes were \$1,631,222, creating a surplus in unreserved fund balance of \$250,000. 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, 2016
UNAUDITED

Capital Assets

At the end of the fiscal year 2016, the School District had \$2,059,005 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 180,000	\$ 180,000
Land Improvements	52,387	58,978
Buildings and Improvements	1,612,624	1,460,954
Machinery and Equipment	<u>213,994</u>	<u>207,242</u>
 Totals	 <u>\$ 2,059,005</u>	 <u>\$ 1,907,174</u>

Overall capital assets increased \$151,831 from fiscal year 2015 to fiscal year 2016. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$279,925 were purchased during fiscal year 2016.

Debt Administration

At June 30, 2016, the School District had \$118,080 as outstanding long term debt. Of this amount, \$118,080 is for compensated absences.

At June 30, 2016, the School District's overall legal debt margin was \$11,212,103 and the unvoted debt margin was the same.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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, 2016

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$961,502	\$18,555	\$980,057
Receivables, Net	69,168	3,494	72,662
Interfund Receivables	2,517	3	2,520
Inventory		3,852	3,852
Restricted Assets:			
Capital Reserve Account - Cash	744,365		744,365
Capital Assets, Net (Note 5):	2,059,005		2,059,005
Total Assets	<u>3,836,557</u>	<u>25,904</u>	<u>3,862,461</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>249,893</u>		<u>249,893</u>
LIABILITIES			
Accounts Payable	62,675		62,675
Interfund Payables	3		3
Unearned Revenue	13,853	1,917	15,770
Net Pension Liability (Note 7)	1,333,070		1,333,070
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	118,080		118,080
Total Liabilities	<u>1,527,681</u>	<u>1,917</u>	<u>1,529,598</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>134,924</u>		<u>134,924</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,059,005		2,059,005
Restricted for:			
Other Purposes	1,612,948		1,612,948
Unrestricted	(1,248,108)	23,987	(1,224,121)
Total Net Position	<u>\$2,423,845</u>	<u>\$23,987</u>	<u>\$2,447,832</u>

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, 2016

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 3,518,463	\$ 176,302	\$ 1,700,247	\$ (1,641,914)		\$ (1,641,914)
Special Education	810,625		366,488	(444,137)		(444,137)
Other Special Instruction	161,170		72,866	(88,304)		(88,304)
Support Services:						
Student & Instruction Related Serv.	907,722		430,826	(476,896)		(476,896)
School Administrative Services	193,100		87,302	(105,798)		(105,798)
General and Business Admin. Serv.	610,182		273,957	(336,225)		(336,225)
Plant Operations and Maintenance	659,861		297,413	(362,448)		(362,448)
Pupil Transportation	304,332		137,182	(167,150)		(167,150)
Other Fiscal Charges	1,790		-	(1,790)		(1,790)
Unallocated Depreciation	87,552		-	(87,552)		(87,552)
Total Governmental Activities	7,254,797	176,302	3,366,281	(3,712,214)		(3,712,214)
Business-Type Activities:						
Food Service	128,499	\$ 77,063	39,172		\$ (12,264)	(12,264)
Total Business-Type Activities	128,499	77,063	39,172		(12,264)	(12,264)
Total Primary Government	\$ 7,383,296	\$ 253,365	\$ 3,405,453	\$ (3,712,214)	\$ (12,264)	\$ (3,724,478)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net			\$ 4,043,035			\$ 4,043,035
Investment Earnings			3,882	\$ 76		3,958
Miscellaneous Revenues			38,207	5,125		43,332
Total General Revenues, Special Items, Extraor. Items			4,085,124	5,201		4,090,325
Change in Net Position			372,910	(7,063)		365,847
Net Position—Beginning (As Restated)			2,050,935	31,050		2,081,985
Net Position—Ending			\$ 2,423,845	\$ 23,987		\$ 2,447,832

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, 2016

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,705,867		\$ 1,705,867
Receivables from Other Governments		\$ 52,616	52,616
Accounts Receivable, Net	16,552		16,552
Interfund Receivables	43,246		43,246
TOTAL ASSETS	<u>\$ 1,765,665</u>	<u>\$ 52,616</u>	<u>\$ 1,818,281</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 60,541	\$ 2,134	\$ 62,675
Interfund Payable	3	40,729	40,732
Deferred Revenue	4,100	9,753	13,853
Total Liabilities	<u>64,644</u>	<u>52,616</u>	<u>117,260</u>
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	744,365		744,365
Excess Surplus	533,388		533,388
Excess Surplus - Designated for Subsequent Year's Expenditures	334,166		334,166
<u>Assigned to:</u>			
Year-End Encumbrances	18,274	-	18,274
General Fund - Designated for Subsequent Year's Expenditures	1,029		1,029
<u>Unassigned:</u>			
General Fund - Unreserved, Undesignated	69,799	-	69,799
Total Fund Balances	<u>1,701,021</u>	<u>-</u>	<u>1,701,021</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,765,665</u>	<u>\$ 52,616</u>	<u>\$ 1,818,281</u>

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 \$5,591,626 and the accumulated depreciation is \$3,532,621.

\$ 2,059,005

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)

249,893

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)

(134,924)

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)

(1,333,070)

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)

(118,080)

Net Position of governmental activities

\$ 2,423,845

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 4,043,035		\$ 4,043,035
Tuition	176,302		176,302
Interest on Capital Reserve	815		815
Miscellaneous	39,568	\$ 1,706	41,274
Total - Local Sources	<u>4,259,720</u>	<u>1,706</u>	<u>4,261,426</u>
State Sources	2,544,211		2,544,211
Federal Sources		152,051	152,051
Total Revenues	<u>6,803,931</u>	<u>153,757</u>	<u>6,957,688</u>
EXPENDITURES			
Current:			
Regular Instruction	1,974,091	133,316	2,107,407
Special Education Instruction	512,851		512,851
Other Special Instruction	101,966		101,966
Support services and undistributed costs:			
Student and Instruction Related Services	553,839	20,441	574,280
School Administrative Services	122,167		122,167
Other Administrative Services	382,929		382,929
Plant Operations and Maintenance	415,981		415,981
Pupil Transportation	304,332		304,332
Unallocated Benefits	1,759,535		1,759,535
Transfer to Charter School	131,547		131,547
Debt Service:			
Principal			
Interest and Other Charges			
Capital Outlay	364,356		364,356
Total Expenditures	<u>6,623,594</u>	<u>153,757</u>	<u>6,777,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>180,337</u>		<u>180,337</u>
Net Change in Fund Balances	180,337		180,337
Fund Balance—July 1	1,520,684		1,520,684
Fund Balance—June 30	<u>\$ 1,701,021</u>		<u>\$ 1,701,021</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, 2016**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 180,337

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	\$ (128,094)	
Capital Outlays	<u>279,925</u>	151,831

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.

(12,478)

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.

53,220

Change in Net Position of Governmental Activities

\$ 372,910

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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 18,555	\$ 18,555
Accounts Receivable - State and Federal Subsidies	1,720	1,720
Accounts Receivable-Other	1,774	1,774
Interfund Receivables	3	3
Inventories	3,852	3,852
Total Current Assets	<u>25,904</u>	<u>25,904</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	104,814	104,814
Less Accumulated Depreciation	(104,814)	(104,814)
Total Noncurrent Assets		
	<u>25,904</u>	<u>25,904</u>
LIABILITIES		
Current liabilities:		
Deferred Revenue	1,917	1,917
Total Liabilities	<u>1,917</u>	<u>1,917</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt Unrestricted	23,987	23,987
Total Net Position	<u>\$ 23,987</u>	<u>\$ 23,987</u>

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, 2016

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 66,139	\$ 66,139
Daily Sales - Non- Reimb. Programs	10,924	10,924
Miscellaneous	5,201	5,201
Total Operating Revenues	82,264	82,264
Operating Expenses:		
Cost of Sales	55,254	55,254
Salaries and Wages	44,027	44,027
Employee Benefits	10,993	10,993
Other Purchased Professional Services	7,759	7,759
Miscellaneous	9,199	9,199
Depreciation	1,267	1,267
Total Operating Expenses	128,499	128,499
Operating Income (Loss)	(46,235)	(46,235)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,247	1,247
Federal Sources:		
National School Lunch Program	31,348	31,348
Food Distribution Program	6,577	6,577
Total Nonoperating Revenues (Expenses)	39,172	39,172
Income (Loss) Before Contributions and Transfers	(7,063)	(7,063)
Change in Net Position	(7,063)	(7,063)
Total Net Position—Beginning	31,050	31,050
Total Net Position—Ending	\$ 23,987	\$ 23,987

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, 2016

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 77,177	\$ 77,177
Payments to Employees	(44,027)	(44,027)
Payments for Employee Benefits	(10,993)	(10,993)
Payments to Suppliers	(62,999)	(62,999)
Net Cash Provided by (used for) Operating Activities	(40,842)	(40,842)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,292	1,292
Federal Sources	32,100	32,100
Other Operating Items	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	33,392	33,392
Net Increase (Decrease) in Cash and Cash Equivalents	(7,450)	(7,450)
Balances—Beginning of Year	26,005	26,005
Balances—End of Year	18,555	18,555
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	(46,235)	(46,235)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	1,267	1,267
Federal Commodities	6,577	6,577
(Increase) Decrease in Accounts Receivable, Net	(1,777)	(1,777)
(Increase) Decrease in Inventories	(1,219)	(1,219)
Increase (Decrease) in Accounts Payable	545	545
Total Adjustments	5,393	5,393
Net Cash Provided by (used for) Operating Activities	\$ (40,842)	\$ (40,842)

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, 2016

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 91,147	\$ 12,662
	<u>\$ 91,147</u>	<u>\$ 12,662</u>
LIABILITIES		
Payable to Student Groups	-	\$ 5,110
Payroll Deductions and Withholdings		3,551
Health Reimbursement Account		1,484
Interfund Payable		2,517
Accounts Payable		<u>-</u>
	<u>-</u>	<u>\$ 12,662</u>
NET POSITION		
		<u>-</u>
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 91,147</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, 2016

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	-
Plan Member	\$ 5,894
Total Contributions	<u>5,894</u>
Investment Earnings:	
Interest	<u>182</u>
Net Investment Earnings	<u>182</u>
Total Additions	<u>6,076</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>7,342</u>
Total Deductions	<u>7,342</u>
Change in Net Position	(1,266)
Net Position—Beginning of the Year	<u>92,413</u>
Net Position—End of the Year	<u><u>\$ 91,147</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, 2016

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 provided for the most significant change in financial reporting in over twenty years and was phased-in (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 did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

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, 2016, of 323 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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016, but which were levied to finance fiscal year 2017 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, 2016

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, 2016

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, 2016

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, 2016, 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, 2016, 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	\$744,365		\$744,365
Checking	980,057	\$103,809	1,083,866
	<u>\$1,724,422</u>	<u>\$103,809</u>	<u>\$1,828,231</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,828,231 and the bank balance was \$2,047,073. 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 \$1,547,073 was covered by collateral pool.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016.

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, 2016

NOTE 3: RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	-	\$65
Federal Aid	\$52,616	54,271
Local-Tuition, etc	16,552	18,326
Gross Receivable	<u>\$69,168</u>	<u>\$72,662</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$69,168</u>	<u>\$72,662</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	\$895
Supplies	<u>2,957</u>
	<u>\$3,852</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, 2016, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 180,000			\$ 180,000
Land Improvements	297,927			297,927
Buildings and Building Improvements	4,097,000	\$ 217,021		4,314,021
Machinery and Equipment	736,774	62,904		799,678
Total at Historical Cost	<u>5,311,701</u>	<u>279,925</u>	-	<u>5,591,626</u>
Less Accumulated Depreciation for:				
Land Improvements	(238,949)	(6,591)		(245,540)
Building and Improvements	(2,636,046)	(65,351)		(2,701,397)
Equipment	(529,532)	(56,152)		(585,684)
Total Accumulated Depreciation	<u>(3,404,527)</u>	<u>(128,094)</u>		<u>(3,532,621)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>1,907,174</u>	<u>151,831</u>		<u>2,059,005</u>
Government Activity Capital Assets, Net	<u>\$ 1,907,174</u>	<u>\$ 151,831</u>		<u>\$ 2,059,005</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 35,946
School Administration	3,109
Plant and Operations	1,487
Unallocated	<u>87,552</u>
Total	<u>\$ 128,094</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, 2016, are as follows:

	Balance			Balance	Amounts
	<u>7/1/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/16</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$171,300		(\$53,220)	\$118,080	
Total Other Liabilities	<u>\$5,001,142</u>	<u>-</u>	<u>(\$53,220)</u>	<u>\$118,080</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2016.

The district had no bonds authorized but not issued as of June, 30, 2016.

The district had no capital lease liabilities as of June, 30, 2016.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 \$19,731,234 as measured on June 30, 2015 and \$17,061,266 as measured on June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,204,769 and revenue of \$1,204,769 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, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. 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, 2014 and June 30, 2015.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$2,306,623,861	\$7,521,378,257
Collective deferred inflows of resources	\$1,763,205,593	\$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	\$53,446,745,367	\$63,204,270,305
State's portion of the net pension liability that was associated with the district	\$17,061,266	\$19,731,234
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.031922%	0.031218%

Actuarial assumptions - The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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. 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, 2014 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, 2015 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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 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 at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016, the District reported a liability of \$1,333,070 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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 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, 2015 and 2014. At June 30, 2015, the District's proportion was 0.00594% which was an increase of 0.00014 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$66,448. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	31,802	-
Changes of assumptions	\$ 143,161	
Net difference between projected and actual earnings on pension plan investments		\$ 21,433
Changes in proportion and differences between District contributions and proportionate share of contributions	21,523	113,491
District contributions subsequent to the measurement date	53,407	
Total	<u>\$ 249,893</u>	<u>\$ 134,924</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 7: PENSION PLANS (Continued)

\$53,407 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, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of June 30, 2016. 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>	
	2016	\$11,207
	2017	11,207
	2017	11,207
	2018	17,850
	2019	<u>10,090</u>
	Total	<u>\$61,562</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability (Non State - Local Group)	\$18,722,735,003	\$22,447,996,119
District's portion of net pension liability	\$1,086,478	\$1,333,070
District's proportion %	0.00580299%	0.00593848%

Actuarial assumptions. The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.04%
Salary Increases:	
2012-2021	2.15%-4.40% based on age
Therafter	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, 2014 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, 2015 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds I Absolute	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount rate. The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015, calculated using the discount rate of 4.90%, 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 (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 1,656,843	\$ 1,333,070	\$ 1,061,621

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 ¼ 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, 2016

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</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$53,407	100 %	-0-
6/30/2015	\$50,488	100	-0-
6/30/2014	\$45,624	100	-0-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$244,097	100 %	-0-
6/30/2015	\$168,777	100	-0-
6/30/2014	\$135,044	100	-0-

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute \$534,750 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 \$205,652 during the year ended June 30, 2016, 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, 2016

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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, 2016

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, 2016, 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>
2015-2016	\$182	\$5,894	\$7,342	\$91,147
2014-2015	\$187	\$5,928	6,739	\$92,413
2013-2014	\$10,162	\$5,550	58	\$93,037

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, 2016

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,701,021 General Fund fund balance at June 30, 2016, \$18,274 is reserved for encumbrances; \$867,554 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$334,166 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$1,029 has been appropriated and included as anticipated revenue for the year ending June 30, 2017, \$744,365 has been reserved in the Capital Reserve Account; and, \$69,799 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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 773,550
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/27/2016	300,000
Budgeted Withdrawals	(330,000)
Interest Earnings	815
Ending Balance, June 30, 2016	<u>\$ 744,365</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, 2016 is \$533,388

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 43,246	\$ 3
Payroll Agency Trust		2,517
Enterprise Fund	3	
Special Revenue Fund		40,729
Total	<u>\$ 43,249</u>	<u>\$ 43,249</u>

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

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, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,043,035		\$ 4,043,035	\$ 4,043,035	
Tuition	129,000		129,000	176,302	\$ 47,302
Interest on Capital Reserve	500	\$ 315	815	815	
Miscellaneous	2,000		2,000	39,568	37,568
Total - Local Sources	4,174,535	315	4,174,850	4,259,720	84,870
State Sources:					
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	
TPAF Pension Contrib. (On-Behalf - Non-Budgeted)				232,515	232,515
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				290,653	290,653
TPAF Pension Non-contributory Insurance (On-Behalf - Non-Budgeted)				11,582	11,582
TPAF Social Security (Reimbursed - Non-Budgeted)				205,652	205,652
Total State Sources	1,803,809		1,803,809	2,544,211	740,402
TOTAL REVENUES	5,978,344	315	5,978,659	6,803,931	825,272

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	308,975	(15,856)	293,119	289,125	3,994
Grades 1-5 - Salaries of Teachers	1,381,871	(37,800)	1,344,071	1,240,762	103,309
Grades 6-8 - Salaries of Teachers	337,278	(14,188)	323,090	318,584	4,506
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services		12,506	12,506	12,506	
Purchased Technical Services	18,500	(4,722)	13,778	13,177	601
General Supplies	91,330	11,919	103,249	99,425	3,824
Textbooks	2,600		2,600	104	2,496
Other Objects	450		450	408	42
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,141,004	(48,141)	2,092,863	1,974,091	118,772
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers		31,914	31,914	31,914	
Other Salaries for Instruction		5,647	5,647	5,647	
Total Learning and/or Language Disabilities		37,561	37,561	37,561	
Behavioral Disabilities:					
Salaries of Teachers	57,233	614	57,847	57,522	325
Other Salaries for Instruction	11,845		11,845	6,743	5,102
General Supplies	987	(614)	373	224	149
Total Behavioral Disabilities	70,065		70,065	64,489	5,576
Resource Room/Resource Center:					
Salaries of Teachers	287,230		287,230	285,726	1,504
General Supplies	1,400		1,400	298	1,102
Total Resource Room/Resource Center	288,630		288,630	286,024	2,606

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part Time:					
Salaries of Teachers	101,176	2,103	103,279	102,953	326
Other Salaries for Instruction	40,551	(3,715)	36,836	21,326	15,510
General Supplies	950		950	498	452
Total Preschool Disabilities - Part Time	142,677	(1,612)	141,065	124,777	16,288
Home Instruction:					
Salaries of Teachers	500		500		500
Total Home Instruction	500		500		500
TOTAL SPECIAL EDUCATION - INSTRUCTION	501,872	35,949	537,821	512,851	24,970
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	86,729	(30,302)	56,427	55,564	863
General Supplies	643		643	219	424
Total Basic Skills/Remedial - Instruction	87,372	(30,302)	57,070	55,783	1,287
School-Sponsored Co/Extra-Curr. Activities-Instruction:					
Salaries	24,024		24,024	23,664	360
Purchased Services (300-500 Series)	300	208	508	508	
General Supplies	1,000	(208)	792	647	145
Total School-Sponsored Co/Extra-Curr. Act.-Instruction	25,324		25,324	24,819	505
Summer School:					
Salaries	21,420		21,420	21,271	149
General Supplies	1,000		1,000	93	907
Total Summer School	22,420		22,420	21,364	1,056
TOTAL INSTRUCTION	2,777,992	(42,494)	2,735,498	2,588,908	146,590
UNDISTRIBUTED EXPENDITURES					
Attendance and Social Work:					
Salaries	30,741	400	31,141	30,856	285
Total Attendance and Social Work	30,741	400	31,141	30,856	285

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Salaries	88,286		88,286	83,133	5,153
Purchased Professional and Technical Services	3,150		3,150	1,710	1,440
Supplies and Materials	2,000		2,000	481	1,519
Other Objects	310	180	490	290	200
Total Health Services	93,746	180	93,926	85,614	8,312
Other Supp. Services Students-Related Services:					
Salaries	58,324		58,324	56,210	2,114
Purchased Professional - Educational Services	5,000		5,000		5,000
Supplies and Materials	861	450	1,311	1,011	300
Total Other Supp. Services Students-Related Services	64,185	450	64,635	57,221	7,414
Other Supp. Services Students-Extra Services:					
Salaries	76,561	(5,647)	70,914	41,341	29,573
Total Other Supp. Services Students-Extra Services	76,561	(5,647)	70,914	41,341	29,573
Other Supp. Services Students-Regular:					
Purchased Professional and Technical Services	1,800		1,800	829	971
Total Other Supp. Services Students-Regular	1,800		1,800	829	971
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	167,642	(400)	167,242	161,304	5,938
Salaries of Secretarial and Clerical Assistants	56,186	(4,000)	52,186	48,729	3,457
Purchased Professional - Educational Services	18,289	4,521	22,810	21,585	1,225
Other Purchased Services (400-500 series)	300		300	172	128
Supplies and Materials	3,000	(521)	2,479	682	1,797
Other Objects	1,000		1,000	350	650
Total Other Supp. Services Students-Special	246,417	(400)	246,017	232,822	13,195
Improvement of Instruction Services:					
Salaries of Secretarial and Clerical Assistants	12,734	63	12,797	12,797	
Purchased Professional - Educational Services	5,162	(63)	5,099	3,105	1,994
Total Improvement of Instruction Services	17,896		17,896	15,902	1,994

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Salaries	63,964	(46)	63,918	62,442	1,476
Salaries of Technology Coordinators	32,000		32,000	20,982	11,018
Purchased Services (300-500 Series)	1,200	(75)	1,125	1,125	
Supplies and Materials	4,539	121	4,660	3,473	1,187
Total Educational Media Services/School Library	101,703		101,703	88,022	13,681
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	8,750		8,750	1,232	7,518
Total Instructional Staff Training Services	8,750		8,750	1,232	7,518
Supp. Services - General Administration:					
Salaries	164,714	(18,502)	146,212	111,026	35,186
Legal Services	11,000	5,728	16,728	16,728	
Audit Fees	11,330	950	12,280	12,280	
Architectual/Engineering		2,600	2,600		2,600
Other Purchased Professional Services	9,525		9,525	7,474	2,051
Communications/Telephone	11,880	1,171	13,051	13,051	
Board of Ed. Other Purchased Services	2,580		2,580	1,237	1,343
Other Purchased Services (400-500 series)	27,985		27,985	24,247	3,738
General Supplies	3,500	153	3,653	3,653	
BOE In-House Training/Meeting Supplies		10	10	10	
Miscellaneous Expenditures	5,305	(1,310)	3,995	1,488	2,507
Board of Ed. Dues and Fees	5,144	300	5,444	5,215	229
Total Supp. Services - General Administration	252,963	(8,900)	244,063	196,409	47,654
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	83,640	11,540	95,180	95,008	172
Salaries of Secretarial and Clerical Assistants	15,379	60	15,439	15,439	
Purchased Professional and Technical Services	10,000		10,000	6,895	3,105
Other Purchased Services (400-500 series)	500	(40)	460	269	191
Supplies and Materials	3,060	(60)	3,000	2,792	208
Other Objects	2,590		2,590	1,764	826
Total Support Services - School Administration	115,169	11,500	126,669	122,167	4,502

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	143,528	3,000	146,528	146,508	20
Purchased Professional Services	16,392	(1,026)	15,366	15,366	
Purchased Technical Services	24,600	(6,278)	18,322	16,330	1,992
Miscellaneous Purchased Services (400-500 series)	2,170	(98)	2,072	1,468	604
Supplies and Materials	3,000	3,082	6,082	2,950	3,132
Other Objects	2,020		2,020	1,987	33
Total Central Services	191,710	(1,320)	190,390	184,609	5,781
Administrative Information Technology:					
Supplies and Materials		1,911	1,911	1,911	
Total Administrative Information Technology		1,911	1,911	1,911	
Required Maintenance for School Facilities:					
Salaries	85,087	832	85,919	79,975	5,944
Cleaning, Repair and Maintenance Services	38,927	(6,147)	32,780	29,813	2,967
General Supplies	7,000	5,182	12,182	10,207	1,975
Total Required Maintenance for School Facilities	131,014	(133)	130,881	119,995	10,886
Other Operations and Maintenance of Plant:					
Salaries	132,013	1,000	133,013	125,946	7,067
Purchased Professional and Technical Services	3,754	274	4,028	4,028	
Cleaning, Repair and Maintenance Services	35,760	(74)	35,686	27,078	8,608
Insurance	33,889	(1,000)	32,889	30,700	2,189
Miscellaneous Purchased Services	3,975		3,975	2,670	1,305
General Supplies	20,000	3,746	23,746	20,757	2,989
Energy (Electricity)	66,900	(6,604)	60,296	34,371	25,925
Energy (Oil)	135,000	(3,200)	131,800	27,479	104,321
Other Objects	1,650		1,650	1,138	512
Total Other Operations and Maintenance of Plant	432,941	(5,858)	427,083	274,167	152,916

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	11,500	412	11,912	7,567	4,345
General Supplies	3,500	(412)	3,088	2,464	624
Total Care and Upkeep of Grounds	15,000		15,000	10,031	4,969
School Security:					
Purchased Professional and Technical Services	7,000		7,000	6,488	512
Cleaning, Repair and Maintenance Services	5,000		5,000	765	4,235
General Supplies	8,000		8,000	4,535	3,465
Total School Security	20,000		20,000	11,788	8,212
Student Transportation Services					
Sal. For Pupil Trans (Bet Home & Sch)-Reg.	16,941	82	17,023	17,023	
Management Fee		655	655	655	
Other Purchased Professional and Technical Services	1,200	(655)	545		545
Contr Serv. - Aid in Lieu Payments	3,536	(2,406)	1,130	520	610
Contr Serv. - Aid in Lieu Payments - Charter Sch.	2,652	1,768	4,420	4,420	
Contracted Services (Between Home and School)-Vendors	261,142	(82)	261,060	256,768	4,292
Contracted Services (Other than Between Home and School)-Vendors	17,795		17,795	13,510	4,285
Contracted Services (Between Home and Sch)-Joint Agrmnts.	1,750	956	2,706	2,706	
Contracted Services (Special Education Students)-Joint Agrmnts.	14,000	(318)	13,682	8,730	4,952
Total Student Transportation Services	319,016		319,016	304,332	14,684
Unused Sick Payment to Terminated/Retired Staff	28,875		28,875	23,503	5,372
UNALLOCATED BENEFITS					
Social Security Contributions	74,000		74,000	66,073	7,927
Other Retirement Contributions - Regular	68,140		68,140	53,407	14,733
Workmen's Compensation	35,859		35,859	30,393	5,466
Health Benefits	1,051,992	(57,437)	994,555	815,696	178,859
Tuition Reimbursement	15,200		15,200	6,525	8,675
Other Employee Benefits	23,596		23,596	23,536	60
TOTAL UNALLOCATED BENEFITS	1,268,787	(57,437)	1,211,350	995,630	215,720

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
On-behalf TPAF pension Contrib. (non-budgeted)				232,515	(232,515)
On-behalf TPAF PRM Contrib. (non-budgeted)				290,653	(290,653)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				11,582	(11,582)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				205,652	(205,652)
TOTAL ON-BEHALF CONTRIBUTIONS				740,402	(740,402)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	1,297,662	(57,437)	1,240,225	1,759,535	(519,310)
TOTAL UNDISTRIBUTED EXPENDITURES	3,417,274	(65,254)	3,352,020	3,538,783	(186,763)
TOTAL GENERAL CURRENT EXPENSE	6,195,266	(107,748)	6,087,518	6,127,691	(40,173)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-School Admin.		6,604	6,604		6,604
Undistributed Expenditures-Admin. Info Tech.	11,446	4,401	15,847	13,286	2,561
Undistributed Expenditures - Required for Sch. Maintenance		2,411	2,411	2,411	
Total Equipment	11,446	13,416	24,862	15,697	9,165
Facilities Acquisition and Construction Serv.:					
Legal Services		2,054	2,054	2,054	
Architechural/Engineering Services		22,500	22,500	22,500	
Other Purchased and Technical Services	30,000	(30,000)			
Construction Services	347,000	17,246	364,246	322,315	41,931
Assessment for Debt Service on SDA Funding	1,790		1,790	1,790	
Total Facilities Acquisition and Construction Serv.	378,790	11,800	390,590	348,659	41,931
TOTAL CAPITAL OUTLAY	390,236	25,216	415,452	364,356	51,096

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Transfer of Funds to Charter Schools	40,014	107,001	147,015	131,547	15,468
TOTAL EXPENDITURES	6,625,516	24,469	6,649,985	6,623,594	26,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	(647,172)	(24,154)	(671,326)	180,337	851,663
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(647,172)	(24,154)	(671,326)	180,337	851,663
Fund Balance, July 1	1,700,885		1,700,885	1,700,885	
Fund Balance, June 30	\$ 1,053,713	\$ (24,154)	\$ 1,029,559	\$ 1,881,222	\$ 851,663
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 744,365	
Excess Surplus				533,388	
Excess Surplus- Designated for Subsequent Year's Expenditures				334,166	
Assigned to:					
Year-End Encumbrances				18,274	
Designated for Subsequent Year's Expenditures				1,029	
Unassigned:					
Unrestricted Fund Balance				<u>250,000</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,881,222	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payments not recognized on GAAP basis				<u>(180,201)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,701,021</u>	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local		\$ 1,400	\$ 1,400	\$ 1,706	\$ 306
Federal Sources	\$ 118,157	23,327	141,484	152,051	10,567
Total Revenues	118,157	24,727	142,884	153,757	10,873
EXPENDITURES:					
Instruction					
Instructional Salaries		68,384	68,384	29,153	39,231
Other Salaries for Instruction		7,677	7,677	38,383	(30,706)
Supplies	112,659	(64,413)	48,246	65,780	(17,534)
Total Instruction	112,659	11,648	124,307	133,316	(9,009)
Support Services					
Salaries of Other Professional Staff		2,825	2,825	2,440	385
Purchased Educational Services		220	220	11,598	(11,378)
Other Purchased Services	5,498	10,034	15,532	6,403	9,129
Total Support Services	5,498	13,079	18,577	20,441	(1,864)
Total Expenditures	118,157	24,727	142,884	153,757	(10,873)
Total Outflows	\$ 118,157	\$ 24,727	\$ 142,884	\$ 153,757	(10,873)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<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, 2016

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 6,803,931	\$ 153,757
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	180,201	
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>\$ 6,803,931</u>	<u>\$ 153,757</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 6,623,594	\$ 153,757
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>\$ 6,623,594</u>	<u>\$ 153,757</u>

**Stillwater Township School District
Required Supplementary Information - Part III
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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A							
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 19,731,234</u>	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>							
Total	<u>\$ 19,731,234</u>	<u>\$ 17,061,266</u>	<u>\$ 16,803,237</u>							
District's covered employee payroll	\$ 2,883,647	\$ 3,092,559	\$ 3,221,083							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A							
Plan fiduciary net position as a percentage of the total pension liability	28.71%	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.005938480%	0.005802989%	0.006664282%							
District's proportionate share of the net pension liability (asset)	<u>\$ 1,333,070</u>	<u>\$ 1,086,478</u>	<u>\$ 1,273,677</u>							
District's covered employee payroll	\$ 744,751	\$ 655,505	\$ 613,816							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	179.00%	165.75%	207.50%							
Plan fiduciary net position as a percentage of the total pension liability (Local)	47.92%	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
 Required Supplementary Information - Part III
 Schedule of District Contributions
 Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution **	N/A	N/A	N/A							
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A							
Contribution deficiency (excess)	N/A	N/A	N/A							
District's covered employee payroll	\$ 2,883,647	\$ 3,092,559	\$ 3,221,083							
Contributions as a percentage of covered-employee payroll	N/A	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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 53,407	\$ 50,488	\$ 45,624							
Contributions in relation to the contractually required contribution	<u>(53,407)</u>	<u>(50,488)</u>	<u>(45,624)</u>							
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>							
District's covered employee payroll	\$ 744,751	\$ 655,505	\$ 613,816							
Contributions as a percentage of covered-employee payroll	7.17%	7.70%	7.43%							

* - 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-PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2016

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, 2016

	Title I	Title I I Part A	IDEA Basic	IDEA Preschool	REAP	Local	Totals
REVENUES							
Local						\$ 1,706	\$ 1,706
Federal Sources	\$24,689	\$ 6,403	\$ 84,605	\$ 5,648	\$ 30,706		152,051
TOTAL REVENUES	24,689	6,403	84,605	5,648	30,706	1,706	153,757
EXPENDITURES:							
Instruction:							
Instructional Salaries	12,182		16,971				29,153
Other Salaries for Instruction			33,796	4,587			38,383
Supplies	12,507		19,800	1,061	30,706	1,706	65,780
Total Instruction	24,689		70,567	5,648	30,706	1,706	133,316
Support Services:							
Salaries of Other Professional Staff			2,440				2,440
Purchased Educational Services			11,598				11,598
Other Purchased Services		6,403					6,403
Total Support Services		6,403	14,038				20,441
TOTAL EXPENDITURES	24,689	6,403	84,605	5,648	30,706	1,706	153,757
Total Outflows	24,689	6,403	84,605	5,648	30,706	1,706	153,757
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

**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;">PROPRIETARY FUND DETAIL STATEMENTS</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;">FIDUCIARY FUND DETAIL STATEMENTS</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, 2016**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$ 91,147	\$ 5,110	\$ 7,552	\$ 103,809
TOTAL ASSETS	<u>\$ 91,147</u>	<u>\$ 5,110</u>	<u>\$ 7,552</u>	<u>\$ 103,809</u>
LIABILITIES:				
Liabilities:				
Payable to Student Groups		\$ 5,110		\$ 5,110
Payroll Deductions and Withholdings			\$ 3,551	3,551
Health Reimbursement Account			1,484	1,484
Interfund Payable			2,517	2,517
Accounts Payable		-	-	-
Total Liabilities		<u>5,110</u>	<u>7,552</u>	<u>12,662</u>
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	\$ 91,147			91,147
TOTAL LIABILITIES AND NET POSITION	<u>\$ 91,147</u>	<u>\$ 5,110</u>	<u>\$ 7,552</u>	<u>\$ 103,809</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	TOTALS
ADDITIONS		
Contributions:		
Plan Member	\$ <u>5,894</u>	\$ <u>5,894</u>
Total Contributions	<u>5,894</u>	<u>5,894</u>
Investment Earnings:		
Interest	<u>182</u>	<u>182</u>
Net Investment Earnings	<u>182</u>	<u>182</u>
Total Additions	<u>6,076</u>	<u>6,076</u>
DEDUCTIONS		
Claims/Quarterly Contribution Reports	<u>7,342</u>	<u>7,342</u>
Total Deductions	<u>7,342</u>	<u>7,342</u>
Change in Net Position	(1,266)	(1,266)
Net Position—Beginning of the Year	<u>92,413</u>	<u>92,413</u>
Net Position—End of the Year	<u>\$ 91,147</u>	<u>\$ 91,147</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2015</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
Student Activity Accounts	\$ 5,003		\$ 27,701	\$ 27,594	\$ 5,110
Total	\$ 5,003	-	\$ 27,701	\$ 27,594	\$ 5,110

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BALANCE</u> <u>July 1, 2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 41,064	\$ 4,089,845	\$ 4,123,357	\$ 7,552
Total Assets	\$ 41,064	\$ 4,089,845	\$ 4,123,357	\$ 7,552
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 35,788	\$ 1,850,757	\$ 1,882,994	\$ 3,551
Salaries and Wages	-	2,169,551	2,169,551	-
Health Reimbursement Account	5,272	13,407	17,195	1,484
Summer Pay Plan	-	53,600	53,600	-
Interfund Payable	-	2,517	-	2,517
Accounts Payable	4	13	17	-
	-	-	-	-
Total Liabilities	\$ 41,064	\$ 4,089,845	\$ 4,123,357	\$ 7,552

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

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) 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
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	94-97
Debt Capacity (J-10 thru J-13) 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
Demographic and Economic Information (J-14 and J-15) 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
Operating Information (J-16 thru J-20) 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>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>2016</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 2,059,005
Restricted	336,846	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948
Unrestricted	(155,424)	(129,798)	(233,237)	(205,715)	(133,042)	(176,444)	(71,826)	(58,338)	(1,281,627)	(1,248,108)
Total governmental activities net position	<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>	<u>\$ 2,423,845</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 46,574	\$ 39,939	\$ 35,082	\$ 36,857	\$ 25,670	\$ 19,569	\$ 13,468	\$ 7,367	\$ 1,267	\$ -
Restricted							-	-	-	-
Unrestricted	16,527	17,421	15,965	31,317	33,797	30,513	30,847	30,431	29,783	23,987
Total business-type activities net position	<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>	<u>\$ 23,987</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 2,059,005
Restricted	336,846	399,538	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948
Unrestricted	(138,897)	(112,377)	(217,272)	(174,398)	(99,245)	(145,931)	(40,979)	(27,907)	(1,251,844)	(1,224,121)
Total district net position	<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>	<u>\$ 2,447,832</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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 3,518,463
Special education	585,408	543,270	579,109	698,908	568,226	540,784	557,730	579,851	759,695	810,625
Other special education	193,023	200,837	173,520	240,024	207,110	222,157	217,106	188,902	168,203	161,170
School Sponsored				23,392	-	-				
Support Services:										
Tuition	4,497	13,431	957		97,434	57,606				
Student & instruction related services	732,245	725,005	715,600	678,038	747,938	784,025	754,085	750,617	889,495	907,722
General administrative services	468,714	388,435	285,611	330,206	589,588	568,651	555,793	540,672	668,027	610,182
School administrative services	200,259	201,034	191,349	205,989	190,509	188,068	173,408	176,183	176,132	193,100
Business administrative services		190,566	171,017	179,511	-	-				
Plant operations and maintenance	427,882	474,269	457,348	482,230	581,981	625,475	598,453	688,842	756,154	659,861
Pupil transportation	325,232	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332
Charter School			8,480	41,737	-	-				
Interest Expense and fiscal charges								1,790	1,790	1,790
Capital Outlay				4,334	-	-				
Unallocated depreciation	72,470	95,112	197,862	69,961	58,334	62,089	54,704	63,314	75,245	87,552
Total governmental activities expenses	<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>	<u>7,254,797</u>
Business-type activities:										
Food service	133,569	139,546	137,346	146,649	139,349	149,489	136,107	130,175	129,335	128,499
Total business-type activities expense	<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>	<u>128,499</u>
Total district expenses	<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>	<u>\$ 7,383,296</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 72,686	\$ 86,923	\$ 85,748	\$ 43,214	\$ 58,309	\$ 106,199	\$ 152,769	\$ 191,115	\$ 238,396	\$ 176,302
Operating grants and contributions	2,010,576	378,281	918,141	999,591	2,388,085	2,643,259	2,565,233	2,601,587	3,372,852	3,366,281
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>3,542,583</u>
Business-type activities:										
Charges for services:										
Food service	100,215	99,404	100,907	105,742	99,641	99,234	91,053	82,258	79,286	77,063
Operating grants and contributions	28,322	32,764	31,107	39,383	35,929	40,838	39,271	37,941	38,774	39,172
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>116,235</u>
Total district program revenues	<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>	<u>\$ 3,658,818</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (3,712,214)
Business-type activities	(5,032)	(7,378)	(5,332)	(1,524)	(3,779)	(9,417)	(5,783)	(9,976)	(11,275)	(12,264)
Total district-wide net expense	<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>	<u>\$ (3,724,478)</u>

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

Exhibit J-2

	<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>2016</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 4,043,035
Property taxes levied for debt service, net										
Federal and State Aid not restricted	712,518	2,466,765	1,621,973	1,383,512	-	-				
Investment earnings	21,016	21,343	15,580	2,582	4,279	2,850	3,274	3,494	4,076	3,882
Miscellaneous income	18,413	19,000	19,001	8,714	-	-	1,282	4,991	1,069	38,207
Federal and State Aid for Capital Assets Projects					16,661					
Disposal of Assets										
Transfers		(721)	(989)							
Total governmental activities	<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>	<u>4,085,124</u>
Business-type activities:										
Investment earnings	943	915	672	390	141	32	16	76	76	76
Miscellaneous income				18,261	(5,069)			3,383	4,451	5,125
Transfers	8,180	721	989							
Total business-type activities	<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>	<u>5,201</u>
Total district-wide	<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>	<u>\$ 4,090,325</u>
Change in Net Position										
Governmental activities	\$ (2,303)	\$ 89,009	\$ 229,265	\$ (173,963)	\$ 297	\$ 200,097	\$ 346,913	\$ 426,382	\$ 343,092	\$ 372,910
Business-type activities	4,091	(5,742)	(3,671)	17,127	(8,707)	(9,385)	(5,767)	(6,517)	(6,748)	(7,063)
Total district	<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>	<u>\$ 365,847</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>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>2016</u>
General Fund										
Reserved	\$ 318,874	\$ 381,564	\$ 841,079	\$ 706,179	\$ 690,269	\$ 915,276	\$ 1,110,387	\$ 1,458,282	\$ 1,449,857	\$ 1,631,222
Unreserved	156,013	150,522	48,775	45,649	75,722	63,907	76,440	70,864	70,827	69,799
Total general fund	<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>	<u>\$ 1,701,021</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 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>\$ 38,606</u>	<u>64,761</u>	<u>57,511</u>	<u>-</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>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>2016</u>
Revenues										
Tax levy	\$ 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	\$ 4,043,035
Tuition charges	72,686	86,923	85,748	43,214	58,309	106,199	152,769	191,115	238,396	176,302
Interest earnings	21,016	21,344	15,580	2,582	1,201	761	834	910	858	815
Miscellaneous	18,413	19,000	19,001	8,714	3,078	2,089	3,722	7,575	4,287	41,274
State sources	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	2,544,211
Federal sources	136,480	148,032	163,288	448,670	152,047	244,417	117,624	231,388	155,074	152,051
Total revenue	6,091,596	6,340,885	6,260,530	6,091,181	6,217,038	6,577,006	6,623,749	6,780,012	6,884,930	6,957,688
Expenditures										
Instruction										
Regular Instruction	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	2,107,407
Special education instruction	339,988	367,105	413,726	545,686	426,817	401,820	403,448	423,512	485,195	512,851
Other special instruction	128,591	136,754	145,782	168,101	155,569	165,070	157,049	137,970	107,426	101,966
School Sponsored Other Instruction				16,655	-	-				
Support Services:										
Tuition	4,497	13,431	957		97,434	57,606				
Student & instruction related services	515,845	501,695	530,222	552,704	561,806	582,556	545,486	548,236	568,094	574,280
General administrative services	390,406	292,721	253,407	280,167	289,161	263,828	246,363	225,686	265,916	198,320
School Administrative services	138,593	138,644	143,476	148,322	143,099	139,741	125,439	128,681	112,490	122,167
Business administrative services		136,508	139,200	151,265	151,630	156,493	153,741	166,961	158,061	184,609
Plant operations and maintenance	358,926	393,770	391,911	437,352	436,158	463,694	431,977	502,041	481,655	415,981
Pupil transportation	325,232	339,907	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332
Unallocated employee benefits	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	1,759,535
Special Revenue										
Charter Schools			8,480	41,737	-	-	58,542	51,723	58,780	131,547
Capital outlay	27,088	85,390	82,978	40,746	71,881	30,098	139,370	222,179	467,401	364,356
Debt service										
Total expenditures	5,998,731	6,282,963	5,891,773	6,229,207	6,182,242	6,337,659	6,423,355	6,495,204	6,893,392	6,777,351
Excess (Deficiency) of revenues over (under) expenditures	92,865	57,922	368,757	(138,026)	34,796	239,347	200,394	284,808	(8,462)	180,337
Other Financing Sources (uses)										
Transfers in								8,409		
Transfers out		(721)	(989)					(8,409)	-	-
Total other financing sources (uses)	-	(721)	(989)	-	-	-	-	-	-	-
Net change in fund balances	\$ 92,865	\$ 57,201	\$ 367,768	\$ (138,026)	\$ 34,796	\$ 239,347	\$ 200,394	\$ 284,808	\$ (8,462)	\$ 180,337
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 Ended June 30.</u>	<u>Interest on Investments</u>	<u>Refund Prior Year Expenditures</u>	<u>Interest on Cap.Reserve Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2016	3,067	\$ 11,803	815	176,302	24,698	216,685

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>
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
2016	7,159,800	341,998,200	39,525,100	\$1,582,200	13,344,300	324,700	-	472,751,756	68,244,200	573,256	404,507,556	0.996	447,554,460

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 ^a	Total Direct	Regional High School District	Stillwater Township	Sussex County	
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
2016	\$0.996	\$0.996	\$0.873	\$0.495	\$0.572	\$2.936

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	2015			2007		
	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%
Total	\$ 11,688,000		2.73%	\$ 6,509,100		2.72%

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	
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%	-
2016	\$4,043,035	\$4,043,035	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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
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
2016	-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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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-
2016	-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, 2016**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Stillwater Township	\$ 1,185,000	100.000%	\$ 1,185,000
Other debt			
Kittatinny Regional School District	1,250,000	25.600%	320,000
Sussex County	112,567,826	2.62%	<u>2,946,343</u>
Subtotal, overlapping debt			4,451,343
Stillwater Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 4,451,343</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 2016

	Equalized valuation basis	
	2015 \$	435,884,644
	2014 \$	447,520,049
	2013 \$	462,047,716
	[A]	<u><u>\$ 1,345,452,409</u></u>
Average equalized valuation of taxable property	[A/3] \$	448,484,136
Debt limit (2.5 % of average equalization value)	[B]	11,212,103
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u><u>\$ 11,212,103</u></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>2016</u>
Debt limit	\$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	\$11,212,103
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$11,212,103</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 ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2007	4,338	\$197,977,644	\$45,638 R	1.7%
2008	4,334	\$205,500,944	\$47,416 R	1.6%
2009	4,326	\$199,086,846	\$46,021 R	2.1%
2010	4,312	\$201,193,608	\$46,659 R	3.5%
2011	4,096	\$198,537,216	\$48,471 R	3.7%
2013	4,064	\$203,886,816	\$50,169 R	3.6%
2012	4,029	\$203,601,486	\$50,534 R	3.6%
2014	3,990	\$210,875,490	\$52,851 R	5.8%
2015	3,961	\$209,342,811	\$52,851 *	4.9%
2016	3,922	\$207,281,622	\$52,851 *	*

Source:

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

^b Per Capita information provided by U.S. Dept of Commerce.

^c Per Capita information provided by U.S. Dept of Commerce.

^d 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	2015			2006		
	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>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>2016</u>
Instruction										
Regular	37.5	37.0	37.0	38.0	37.0	27.6	31.6	31.6	29.6	28.0
Special education	5.0	5.0	5.0	7.0	7.0	8.0	6.0	6.0	8.0	8.0
Other special education	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	3.0	2.0	2.0	2.0	8.8	8.0	7.5	9.4	11.2
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6
School administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.2	2.2
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0	2.1
Plant Operations and Maintenance	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.6
Transportation	-	-	-	-	-	-	-	-	0.2	0.2
Total	<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>	<u>56.9</u>

Source: District Personnel Records

Stillwater Township School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
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%
2016	323	6,412,995	19,854	8.14%	39	1:8.3		318.4	301.6	-9.00%	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>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>2016</u>
<u>Stillwater Township Elementary School - K-6</u>										
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	394	416	398	401	381	370	356	340	350	323

Number of Schools at June 30, 2016
 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, 2016

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2016</u>	<u>Total</u>
Elementary School	N/A	\$ 90,869	\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 1,040,782
Total School Facilities		90,869	87,895	113,491	117,863	88,681	114,812	98,604	92,176	116,396	119,995	1,040,782
Other Facilities												
Grand Total		\$ 90,869	\$ 87,895	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 1,040,782

STILLWATER TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMPREHENSIVE PACKAGE POLICY - NJSBAIG		
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	
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
Treasurer	250,000	
Board Secretary	200,000	
Public Employee Dishonesty	1,000,000	

SOURCE: District Records

Single Audit Section



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

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 Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 September 30, 2016.

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

September 30, 2016

Cynthia Corder

Licensed Public School Accountant No.2369



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

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 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 circular 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, 2016. 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 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, 2016.

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 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 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
September 30, 2016

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, 2016

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2015	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 1,032,251			\$ 1,032,251	\$ (1,032,251)							*	\$ 103,122 \$ 1,032,251
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	151,545			151,545	(151,545)							*	15,139 151,545
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	197,226			197,226	(197,226)							*	19,703 197,226
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	32,802			32,802	(32,802)							*	3,277 32,802
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	384,085			384,085	(384,085)							*	38,370 384,085
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	2,950			2,950	(2,950)							*	295 2,950
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	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	-							*	
On Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	232,515			232,515	(232,515)							*	232,515
On Behalf TPAF Pension PMR	16-495-034-5094-001	7/1/15-6/30/16	290,653			290,653	(290,653)							*	290,653
On Behalf TPAF Pension Non-Contrib	16-495-034-5094-004	7/1/15-6/30/16	11,582			11,582	(11,582)							*	11,582
Reimbursed TPAF Soc.Secur.Contrib.	16-495-034-5094-003	7/1/15-6/30/16	205,652	(10,854)		216,506	(205,652)							*	205,652
Total General Fund				(11,882)		2,556,093	(2,544,211)							*	180,201 2,544,211
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	15-100-010-3350-023	7/1/14-6/30/15		(109)		109								*	
Nat.School Lunch Prog.(State Share)	16-100-010-3350-023	7/1/15-6/30/16	1,183			1,118	(1,183)			\$ (65)				*	1,183
Total Enterprise Fund				(109)		1,227	(1,183)			(65)				*	1,183
Total State Financial Assistance				\$ (11,991)		\$ 2,557,320	\$ (2,545,394)			\$ (65)				*	\$ 180,201 \$ 2,545,394

Less: On-behalf TPAF Pension Amounts 534,750

Total State Expenditures Subject to Major Program Determination \$ (2,010,644)

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, 2016

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 \$-0- 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, 2016

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 2,544,211	\$ 2,544,211
Special Revenue Fund	152,051	-	152,051
Food Service Fund	<u>37,925</u>	<u>1,247</u>	<u>39,172</u>
Total Financial Assistance	<u>\$ 189,976</u>	<u>\$ 2,545,458</u>	<u>\$ 2,735,434</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, 2016. 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, 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted? ___ Yes __x No

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II-Financial Statement Findings

N/A

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

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATUS OF PRIOR YEAR FINDINGS

N/A

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