

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, 2018

Comprehensive Annual

Financial Report

of the

**Stillwater Township School District
Board of Education
Stillwater, New Jersey
For the Fiscal Year Ending June 30, 2018**

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

OUTLINE OF CAFR

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

FINANCIAL SECTION

Independent Auditor's Report	8-10
Required Supplementary Information – Part I Management's Discussion and Analysis	13-20
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	23
A-2 Statement of Activities	24
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33
Notes to the Financial Statements	35-63
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	66-75
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	76
Notes to Required Supplementary Information-Part II	
C-3 Budget-to-GAAP Reconciliation	77

OUTLINE OF CAFR

Required Supplementary Information – Part III	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L-3 Schedule of the District's Proportionate Share of the Net Pension Liability	78
L-2 Schedule of District Contributions	79
M. Schedules Related to Accounting and Reporting for OPEB (GASB 75)	
M-1 Schedule of Changes in the State's Total OPEB Liability and Related Ratios (TPAF and PERS)	80
 Notes to Required Supplementary Information - Part III	 81
 Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	84
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Detailed Schedule of Revenues and Expenditures	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

OUTLINE OF CAFR

Other Supplementary Information-(Continued)		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	88
H-2	Combining Statement of Changes in Fiduciary Net Position	89
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	90
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	91
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	N/A

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	94
J-2	Changes in Net Position	95-96
J-3	Fund Balances - Governmental Funds	97
J-4	Changes in Fund Balances - Governmental Funds	98
J-5	General Fund Other Local Revenue by Source	99

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	100
J-7	Direct and Overlapping Property Tax Rates	101
J-8	Principal Property Taxpayers	102
J-9	Property Tax Levies and Collections	103

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	104
J-11	Ratios of General Bonded Debt Outstanding	105
J-12	Direct and Overlapping Governmental Activities Debt	106
J-13	Legal Debt Margin Information	107

Demographic and Economic Information

J-14	Demographic and Economic Statistics	108
J-15	Principal Employers	109

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	110
J-17	Operating Statistics	111
J-18	School Building Information	112
J-19	Schedule of Required Maintenance Expenditures by School Facility	113
J-20	Insurance Schedule	114

OUTLINE OF CAFR

SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	116-117
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	118-119
K-3 Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	120
K-5 Notes to the Schedules of Awards and Financial Assistance	121-122
K-6 Schedule of Findings and Questioned Costs	123-125
K-7 Summary Schedule of Prior Audit Findings	126

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

January 16, 2019

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, 2018, 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 Uniform Guidance, "Audits of State and Local Governments, and New Jersey's State Treasury Circular Letter 15-08-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 2017-2018 fiscal year with an average enrollment of 286 students, which has been a slight decrease in enrollment from the previous year. 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>
2017-18	286	(-1.4%)
2016-17	289	(-9.1%)
2015-16	318	(-8.9%)
2014-15	350	(2.0%)
2013-14	343	(-3.3%)

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 2017-2018 fiscal year. Major projects included bathroom upgrades, drainage/foundation repairs, flooring upgrades, front door replacement, parking lot upkeep, gutter replacements, painting, stage curtain replacement, and wifi & web filter upgrades.

The district also realigned the library and STEAM program in 2017-2018. The development of a new Makerspace for STEAM instruction was established. Library was realigned to meet our needs for reading instruction in the primary grades and academic support at the secondary level. This was achieved with a person that serves in a dual role as a library media specialist/ELA Coach.

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, 2018.

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, 2018, 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
January 16, 2019
Page 4

9) RISK MANAGEMENT: The Board carried various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP was appointed by the Stillwater Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and New Jersey's Treasure Circular Letter 15-08-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,

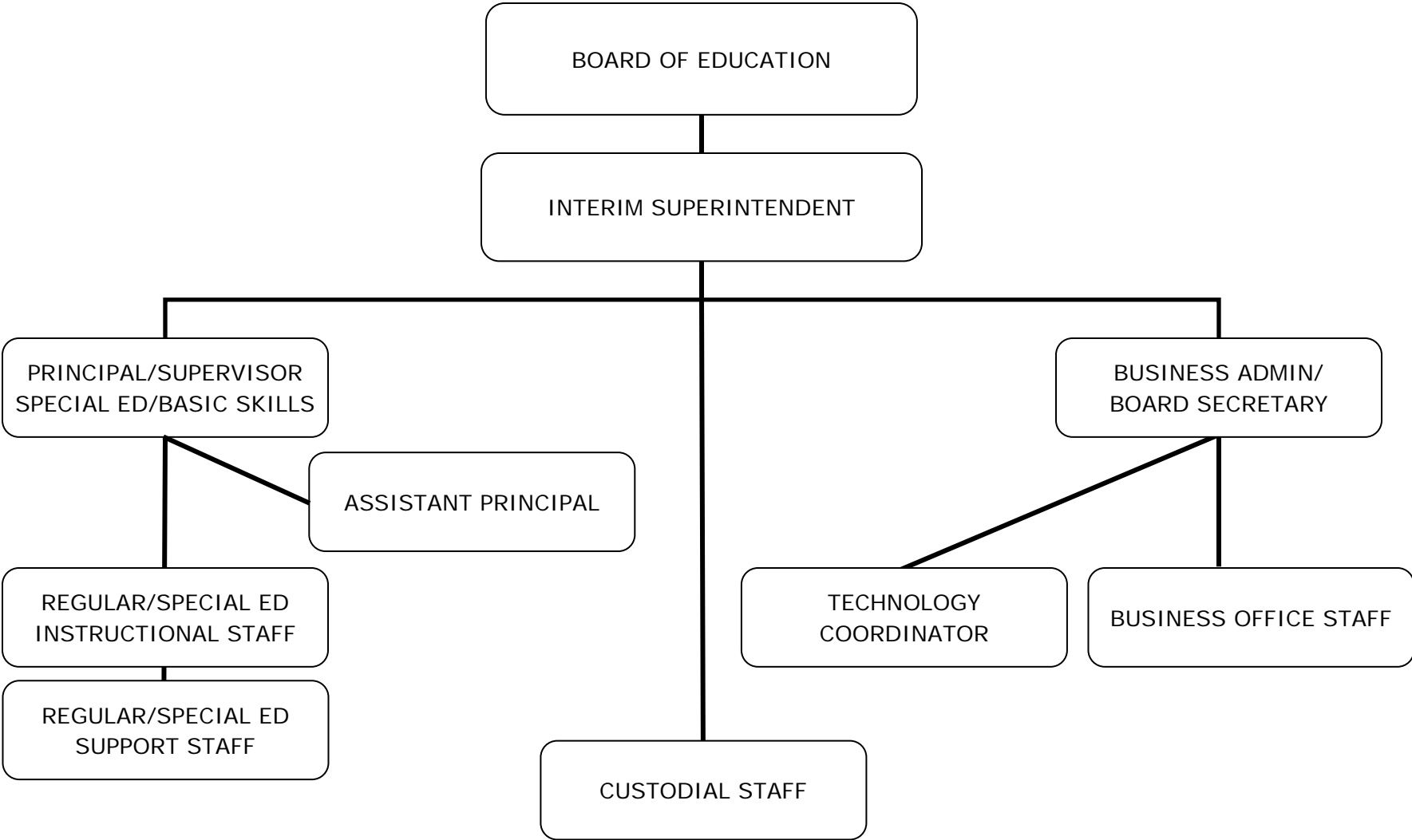


Anna Memmelaar, Interim Superintendent



René Metzgar, Business Administrator/Board Secretary

STILLWATER TOWNSHIP BOARD OF EDUCATION



**STILLWATER TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Shannon Nothstine, <i>President</i>	2018
Danielle LoCascio, <i>Vice-President</i>	2020
Dennis DeGroat	2020
Krista Galante	2020
Jennifer McPeek	2019
Christina Santore	2019
Joanne Saul	2018
Kathleen Svendsen	2018
Martin Theys	2018

Other Officials

Matthew Robinson, *Superintendent*

René Metzgar, *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, Merlino, McKeever & Osborne, LLC
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

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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, 2018, 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 financial statements.

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, 2018, 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

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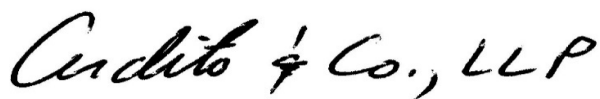
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived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

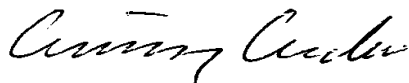
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 16, 2019, 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
January 16, 2019



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, 2018
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, 2018. 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 2018 are as follows:

- ◆ In total, Net Position increased \$97,193 which represents a 3.6% increase from 2017.
- ◆ General revenues accounted for \$4,167,042 in revenue or 46.7% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,759,770 or 53.3% of total revenues of \$8,926,812.
- ◆ Total assets of governmental activities increased by \$95,241, as cash and cash equivalents decreased by \$36,000, receivables decreased by \$16,080, and capital assets increased by \$149,272.
- ◆ The School District had \$8,829,619 in expenses; only \$4,759,770 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,167,042 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,035,610 in revenues and \$7,056,193 in expenditures. The General Fund's surplus balance decreased \$20,583 over 2017, which compares favorably to the budgeted decrease of \$933,388.

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, 2018
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 2018?” 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, 2018
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 2018 compared to 2017.

**Table 1
Net Position**

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 1,973,628	\$ 2,027,659
Capital Assets	<u>2,320,306</u>	<u>2,171,034</u>
Total Assets	<u>4,293,934</u>	<u>4,198,693</u>
 Deferred Outflows of Resources	 <u>406,900</u>	 <u>568,438</u>
 Liabilities		
Long-Term Liabilities	1,494,864	1,900,848
Other Liabilities	<u>21,871</u>	<u>54,298</u>
Total Liabilities	<u>1,516,735</u>	<u>1,955,146</u>
 Deferred Inflows of Resources	 <u>362,851</u>	 <u>87,930</u>
 Net Position		
Invested in Capital Assets, Net of Debt	2,320,306	2,171,034
Restricted	1,762,269	1,872,348
Unrestricted	<u>(1,261,327)</u>	<u>(1,319,327)</u>
Total Net Position	<u>\$ 2,821,248</u>	<u>\$ 2,724,055</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED

Total assets of governmental activities increased by \$95,241, as cash and cash equivalents decreased by \$36,000, receivables decreased by \$16,080, and capital assets increased by \$149,272.

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

Table 2 shows the changes in Net Position from fiscal year 2017.

Table 2
Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 242,502	\$ 219,579
Operating Grants and Contributions	4,517,268	4,285,001
General Revenues:		
Property Taxes	4,137,896	4,113,212
Federal & State Aid on Capital Asset Projects		
Investment Earnings	6,396	4,539
Other	<u>22,750</u>	<u>31,128</u>
Total Revenues	<u>8,926,812</u>	<u>8,653,459</u>
Program Expenses		
Instruction	5,281,308	5,357,904
Support Services:		
Tuition		
Pupils and Instructional Staff	1,136,916	1,000,265
General Administration, School Administration, Business	1,008,640	884,547
Operations and Maintenance of Facilities	909,151	789,065
Pupil Transportation	291,968	316,376
Business-Type Activities	110,711	111,357
Interest and Fiscal Charges	<u>90,925</u>	<u>77,647</u>
Total Expenses	<u>8,829,619</u>	<u>8,537,161</u>
Increase in Net Position	<u>\$ 97,193</u>	<u>\$ 116,298</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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 46.4% percent of revenues for governmental activities for the Stillwater Township School District for the fiscal year 2018.

Instruction comprises 59.8% of district expenses. Support services expenses make up 37.9% 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 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 5,281,308	\$ 2,340,820	\$ 5,357,904	\$ 2,452,844
Support Services:				
Tuition	-	-	-	-
Pupils and Instructional Staff	1,136,916	534,653	1,000,265	482,631
General Admin., School Admin., Business	1,008,640	503,047	884,547	450,081
Operation and Maintenance of Facilities	909,151	453,428	789,065	401,498
Pupil Transportation	291,968	145,615	316,376	160,981
Business-Type Activities	110,711	1,361	111,357	6,899
Interest and Fiscal Charges	<u>90,925</u>	<u>90,925</u>	<u>77,647</u>	<u>77,647</u>
Total Expenses	<u>\$ 8,829,619</u>	<u>\$ 4,069,849</u>	<u>\$ 8,537,161</u>	<u>\$ 4,032,581</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, 2018
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 44.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 48.9%. 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 \$7,205,422 and expenditures of \$7,226,005. The General Fund's surplus balance decreased \$20,583 over 2017, which compares favorably to the budgeted decrease of \$933,388.

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 2018 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 \$6,130,310, \$90,147 over original budgeted estimates of \$6,040,163. This difference was due primarily to increases in tuition based programs.

General fund revenues fell short of expenditures by \$24,202. Again this deficit compares to a budgeted deficit of \$933,388, which was due to the budgeted use of surplus and capital reserve needed to balance the 2017-2018 budget. The budgeted deficit was reduced due to tuition revenue increases and cost savings in the areas of instruction, maintenance, and health benefits.

Overall general fund balance (budget basis) was \$2,108,636, and amounts ear-marked and reserved for future purposes were \$1,858,019, creating a surplus in unreserved fund balance of \$250,617. 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, 2018
UNAUDITED

Capital Assets

At the end of the fiscal year 2018, the School District had \$2,320,306 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 180,000	\$ 180,000
Land Improvements	48,069	54,522
Buildings and Improvements	1,694,764	1,526,129
Machinery and Equipment	<u>397,473</u>	<u>410,383</u>
 Totals	 <u>\$ 2,320,306</u>	 <u>\$ 2,171,034</u>

Overall capital assets increased \$149,272 from fiscal year 2017 to fiscal year 2018. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$279,682 were purchased during fiscal year 2018, and included the drainage project, IT equipment, a lawn mower, stage curtain, CST/main office/BOE carpet, main office door, and other miscellaneous projects.

Debt Administration

At June 30, 2018, the School District had \$109,960 as outstanding long term debt. Of this amount, \$109,960 is for compensated absences.

At June 30, 2018, the School District's overall legal debt margin was \$11,168,191 and the unvoted debt margin was the same.

STILLWATER TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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 Metzgar, 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, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$841,940	\$12,839	\$854,779
Receivables, Net	68,418	4,837	73,255
Interfund Receivables	4,212		4,212
Inventory		4,181	4,181
Restricted Assets:			
Capital Reserve Account - Cash	1,037,201		1,037,201
Capital Assets, Net (Note 5):	2,320,306		2,320,306
Total Assets	4,272,077	21,857	4,293,934
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows (Note 7)	406,900		406,900
LIABILITIES			
Accounts Payable	9,308		9,308
Interfund Payables			
Unearned Revenue	10,753	1,810	12,563
Net Pension Liability (Note 7)	1,384,904		1,384,904
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	109,960		109,960
Total Liabilities	1,514,925	1,810	1,516,735
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows (Note 7)	362,851		362,851
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,320,306		2,320,306
Restricted for:			
Other Purposes	1,762,269		1,762,269
Unrestricted	(1,281,374)	20,047	(1,261,327)
Total Net Position	\$2,801,201	\$20,047	\$2,821,248

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, 2018

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
	Governmental Activities:					
Instruction:						
Regular	\$ 4,010,017	\$ 172,335	\$ 2,130,903	\$ (1,706,779)		\$ (1,706,779)
Special Education	962,937		482,684	(480,253)		(480,253)
Other Special Instruction	308,354		154,566	(153,788)		(153,788)
Support Services:						
Student & Instruction Related Serv.	1,136,916		602,263	(534,653)		(534,653)
School Administrative Services	193,035		96,761	(96,274)		(96,274)
General and Business Admin. Serv.	815,605		408,832	(406,773)		(406,773)
Plant Operations and Maintenance	909,151		455,723	(453,428)		(453,428)
Pupil Transportation	291,968		146,353	(145,615)		(145,615)
Other Fiscal Charges	1,790		-	(1,790)		(1,790)
Unallocated Depreciation	89,135		-	(89,135)		(89,135)
Total Governmental Activities	8,718,908	172,335	4,478,085	(4,068,488)		(4,068,488)
Business-Type Activities:						
Food Service	110,711	\$ 70,167	39,183		\$ (1,361)	(1,361)
Total Business-Type Activities	110,711	70,167	39,183		(1,361)	(1,361)
Total Primary Government	\$ 8,829,619	\$ 242,502	\$ 4,517,268	\$ (4,068,488)	\$ (1,361)	\$ (4,069,849)
General Revenues:						
Taxes:						
Property Taxes. Levied for General Purposes, Net			\$ 4,137,896			\$ 4,137,896
Investment Earnings			6,343	\$ 53		6,396
Miscellaneous Revenues			22,463	287		22,750
Total General Revenues, Special Items, Extraor. Items			4,166,702	340		4,167,042
Change in Net Position			98,214	(1,021)		97,193
Net Position—Beginning (As Restated)			2,702,987	21,068		2,724,055
Net Position—Ending			\$ 2,801,201	\$ 20,047		\$ 2,821,248

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, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,879,141		\$ 1,879,141
Receivables from Other Governments	10,664	\$ 34,618	45,282
Accounts Receivable, Net	22,446	690	23,136
Interfund Receivables	36,242		36,242
TOTAL ASSETS	<u>\$ 1,948,493</u>	<u>\$ 35,308</u>	<u>\$ 1,983,801</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 9,308		\$ 9,308
Interfund Payable		\$ 32,030	32,030
Deferred Revenue	7,475	3,278	10,753
Total Liabilities	<u>16,783</u>	<u>35,308</u>	<u>52,091</u>
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	1,037,201		1,037,201
Excess Surplus	333,470		333,470
Excess Surplus - Designated for Subsequent Year's Expenditures	391,465		391,465
<u>Assigned to:</u>			
Year-End Encumbrances	95,750	-	95,750
General Fund - Designated for Subsequent Year's Expenditures	133		133
<u>Unassigned:</u>			
General Fund - Unreserved, Undesignated	73,691	-	73,691
Total Fund Balances	<u>1,931,710</u>	<u>-</u>	<u>1,931,710</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,948,493</u>	<u>\$ 35,308</u>	<u>\$ 1,983,801</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 \$6,031,521 and the accumulated depreciation is \$3,711,215.

\$ 2,320,306

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)

406,900

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)

(362,851)

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)

(1,384,904)

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)

(109,960)

Net Position of governmental activities

\$ 2,801,201

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Local Tax Levy	\$ 4,137,896		\$ 4,137,896
Tuition	172,335		172,335
Interest on Capital Reserve	918		918
Miscellaneous	11,277	\$ 16,611	27,888
Total - Local Sources	4,322,426	16,611	4,339,037
State Sources	2,713,184		2,713,184
Federal Sources		153,201	153,201
Total Revenues	7,035,610	169,812	7,205,422
EXPENDITURES			
Current:			
Regular Instruction	2,029,408	137,442	2,166,850
Special Education Instruction	529,120		529,120
Other Special Instruction	169,436		169,436
Support services and undistributed costs:			
Student and Instruction Related Services	592,349	32,370	624,719
School Administrative Services	106,070		106,070
Other Administrative Services	400,175		400,175
Plant Operations and Maintenance	439,205		439,205
Pupil Transportation	291,968		291,968
Unallocated Benefits	2,048,046		2,048,046
Transfer to Charter School	65,275		65,275
Debt Service:			
Principal			
Interest and Other Charges			
Capital Outlay	385,141		385,141
Total Expenditures	7,056,193	169,812	7,226,005
Excess (Deficiency) of			
Revenues Over Expenditures	(20,583)		(20,583)
Net Change in Fund Balances	(20,583)		(20,583)
Fund Balance—July 1	1,952,293		1,952,293
Fund Balance—June 30	\$ 1,931,710		\$ 1,931,710

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, 2018**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (20,583)

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	\$ (130,410)	
Capital Outlays	<u>279,682</u>	149,272

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.

(21,970)

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.

(8,505)

Change in Net Position of Governmental Activities

\$ 98,214

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities - Enterprise Funds	
	Food Service	Totals
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 12,839	\$ 12,839
Accounts Receivable - State and Federal Subsidies	2,892	2,892
Accounts Receivable - Special Functions	1,945	1,945
Inventories	4,181	4,181
Total Current Assets	<u>21,857</u>	<u>21,857</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	104,814	104,814
Less Accumulated Depreciation	<u>(104,814)</u>	<u>(104,814)</u>
Total Noncurrent Assets		
	<u>21,857</u>	<u>21,857</u>
LIABILITIES		
Current liabilities:		
Deferred Revenue	1,810	1,810
Total Liabilities	<u>1,810</u>	<u>1,810</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt Unrestricted	20,047	20,047
Total Net Position	<u>\$ 20,047</u>	<u>\$ 20,047</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, 2018

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 66,679	\$ 66,679
Daily Sales - Non- Reimb. Programs	3,488	3,488
Miscellaneous	340	340
Total Operating Revenues	<u>70,507</u>	<u>70,507</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	36,792	36,792
Cost of Sales - Non-reimbursable Programs	12,684	12,684
Salaries and Wages	33,408	33,408
Employee Benefits	7,856	7,856
Other Purchased Professional Services	7,759	7,759
Miscellaneous	3,410	3,410
Supplies, Repairs, and Other Costs	8,802	8,802
Depreciation		
Total Operating Expenses	<u>110,711</u>	<u>110,711</u>
Operating Income (Loss)	<u>(40,204)</u>	<u>(40,204)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,165	1,165
Federal Sources:		
National School Lunch Program	29,465	29,465
School Breakfast Program	826	826
Food Distribution Program	7,727	7,727
Total Nonoperating Revenues (Expenses)	<u>39,183</u>	<u>39,183</u>
Income (Loss) Before Contributions and Transfers	(1,021)	(1,021)
Change in Net Position	<u>(1,021)</u>	<u>(1,021)</u>
Total Net Position—Beginning	21,068	21,068
Total Net Position—Ending	<u>\$ 20,047</u>	<u>\$ 20,047</u>

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 68,753	\$ 68,753
Payments to Employees	(33,408)	(33,408)
Payments for Employee Benefits	(7,856)	(7,856)
Payments to Suppliers	(61,415)	(61,415)
Net Cash Provided by (used for) Operating Activities	<u>(33,926)</u>	<u>(33,926)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,124	1,124
Federal Sources	29,191	29,191
Other Operating Items	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>30,315</u>	<u>30,315</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,611)	(3,611)
Balances—Beginning of Year	16,450	16,450
Balances—End of Year	<u>12,839</u>	<u>12,839</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	(40,204)	(40,204)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	-	-
Federal Commodities	7,727	7,727
(Increase) Decrease in Accounts Receivable, Net	(1,945)	(1,945)
(Increase) Decrease in Inventories	496	496
Increase (Decrease) in Accounts Payable	-	-
Total Adjustments	<u>6,278</u>	<u>6,278</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (33,926)</u>	<u>\$ (33,926)</u>

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, 2018

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 99,027	\$ 13,074
Total Assets	<u>\$ 99,027</u>	<u>\$ 13,074</u>
LIABILITIES		
Payable to Student Groups	-	\$ 8,559
Payroll Deductions and Withholdings		12
Health Reimbursement Account		291
Interfund Payable		<u>4,212</u>
Total Liabilities	<u>-</u>	<u>\$ 13,074</u>
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 99,027</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, 2018

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Employer	-
Plan Member	\$ 5,950
Total Contributions	<u>5,950</u>
Investment Earnings:	
Interest	<u>188</u>
Net Investment Earnings	<u>188</u>
Total Additions	<u>6,138</u>
DEDUCTIONS	
Quarterly Contribution Reports	<u>795</u>
Total Deductions	<u>795</u>
Change in Net Position	5,343
Net Position—Beginning of the Year	<u>93,684</u>
Net Position—End of the Year	<u><u>\$ 99,027</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, 2018

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, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2017.

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, 2018, of 286 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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018, but which were levied to finance fiscal year 2019 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, 2018

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, 2018

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, 2018

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, 2018, 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, 2018, 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	\$1,037,201		\$1,037,201
Checking	<u>854,779</u>	<u>\$112,101</u>	<u>966,880</u>
	<u>\$1,891,980</u>	<u>\$112,101</u>	<u>\$2,004,081</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$2,004,081 and the bank balance was \$2,222,953. 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 \$1,722,953 was covered by collateral pool.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018.

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, 2018

NOTE 3: RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	10,664	\$10,772
Federal Aid	\$34,618	37,402
Local-Tuition, etc	23,136	23,136
Gross Receivable	<u>\$68,418</u>	<u>\$71,310</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$68,418</u></u>	<u><u>\$71,310</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	\$1,263
Supplies	<u>2,918</u>
	<u>\$4,181</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, 2018, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 180,000			\$ 180,000
Land Improvements	306,603			306,603
Buildings and Building Improvements	4,252,484	\$ 235,129		4,487,613
Machinery and Equipment	1,012,752	44,553		1,057,305
Total at Historical Cost	<u>5,751,839</u>	<u>279,682</u>	-	<u>6,031,521</u>
Less Accumulated Depreciation for:				
Land Improvements	(252,081)	(6,453)		(258,534)
Building and Improvements	(2,726,355)	(66,494)		(2,792,849)
Equipment	(602,369)	(57,463)		(659,832)
Total Accumulated Depreciation	<u>(3,580,805)</u>	<u>(130,410)</u>		<u>(3,711,215)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,171,034</u>	<u>149,272</u>		<u>2,320,306</u>
Government Activity Capital Assets, Net	<u>\$ 2,171,034</u>	<u>\$ 149,272</u>		<u>\$ 2,320,306</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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	\$ 36,596
School Administration	3,165
Plant and Operations	1,514
Unallocated	89,135
Total	<u>\$ 130,410</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, 2018, are as follows:

	Balance <u>7/1/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/18</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$101,455	\$25,725	(\$17,220)	\$109,960	
Total Other Liabilities	<u>\$5,001,142</u>	<u>25,725</u>	<u>(\$17,220)</u>	<u>\$109,960</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2018.

The district had no bonds authorized but not issued as of June, 30, 2018.

The district had no capital lease liabilities as of June, 30, 2018.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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/annrprts.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 \$20,378,571 as measured on June 30, 2017 and \$23,983,633 measured on June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,411,724 and revenue of \$1,411,724 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, 2018 is based upon changes in the collective net pension liability with a measurement period of June 30, 2016 through June 30, 2017. 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, 2016 and June 30, 2017.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$17,440,003,201	\$14,251,854,934
Collective deferred inflows of resources	\$195,027,919	\$11,807,233,433
Collective net pension liability (Nonemployer-State of New Jersey)	\$78,666,367,052	\$67,423,605,859
State's portion of the net pension liability that was associated with the district	\$23,983,633	\$20,378,571
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.030488%	0.030225%

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

Inflation:	2.25%
Salary Increases:	
Through 2021	Varies based on experience
Therafter	Varies based on experience
Investment Rate of Return:	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitig.	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's 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. The following presents the State's net pension liability measured as of June 30, 2017, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.25%)</u>	<u>(4.25%)</u>	<u>(5.25%)</u>
State's Collective Net Pension Liability	\$ 80,394,331,171	\$ 67,670,209,171	\$ 57,188,022,171

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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>. The plan fiduciary net position as of June 30, 2017 was \$23,056,161,829.

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2018	\$740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
Total	<u>\$2,360,639,596</u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$3,028,689,581
Interest on total pension liability	3,304,988,177
Member contributions	(790,788,033)
Administrative expenses	11,923,787
Expected investment return net of investment expenses	(1,606,947,478)
Pension expense related to specific liabilities of individual employers	(357,659)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	53,331,240
Recognition of assumption changes or inputs	723,829,969
Recognition of investment gains/losses	<u>(36,820,154)</u>
Total pension expense	<u>\$4,687,849,430</u>

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.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

At June 30, 2018, the District reported a liability of \$1,384,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 valuation was determined by an experience study for the period July 1, 2011 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, 2017 and 2016. At June 30, 2017, the District's proportion was 0.00595 which was a decrease of 0.00013% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$79,100. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 32,610	-
Changes of assumptions	279,010	\$ 277,988
Net difference between projected and actual earnings on pension plan investments	9,430	
Changes in proportion and differences between District contributions and proportionate share of contributions	29,847	84,863
District contributions subsequent to the measurement date	56,003	
Total	<u>\$ 406,900</u>	<u>\$ 362,851</u>

\$56,003 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, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability measured as of June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2018	(\$9,050)
2019	(13,657)
2020	(8,275)
2021	11,006
2022	<u>8,022</u>
Total	<u>(\$11,954)</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

	<u>6/30/2016</u>	<u>6/30/2017</u>
Collective deferred outflows of resources	\$8,685,338,380	\$6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability (Non State - Local Group)	\$29,617,131,759	\$23,278,401,588
District's portion of net pension liability	\$1,799,393	\$1,384,904
District's proportion %	0.00607551%	0.00594931%

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

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.00%

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 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk mitig.	5.00%	5.51%
Cash equivalents	5.00%	1.00%
US Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yeild	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US Equity	30.00%	8.19%
Non-US developed markets E	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 5.0% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.0%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2017, calculated using the discount rate as disclosed above, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u> (4.00%)	<u>Current</u> <u>Discount Rate</u> (5.00%)	<u>1% Increase</u> (6.00%)
District's proportionate share of the net pension liability	\$ 1,718,067	\$1,384,904	\$ 1,107,338

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2017 are as follows:

Service cost	\$51,151
Interest on total pension liability	92,821
Member contributions	(24,332)
Administrative expenses	637
Expected investment return net of investment expenses	(66,273)
Pension expense related to specific liabilities of individual employers	(720)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	8,133
Recognition of assumption changes or inputs	18,953
Recognition of investment gains/losses	(1,270)
Total pension expense	<u>\$79,100</u>

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>.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

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

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

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

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

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7: PENSION PLANS (Continued)

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

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2018	\$56,003	100 %	-0-
6/30/2017	\$54,331	100	-0-
6/30/2016	\$53,407	100	-0-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2018	\$426,562	100 %	-0-
6/30/2017	\$340,504	100	-0-
6/30/2016	\$244,097	100	-0-

During the fiscal year ended June 30, 2018, the State of New Jersey did contribute \$701,773 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 \$199,908 during the year ended June 30, 2018, 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, 2018

NOTE 8: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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. 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 (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.55% TPAF 2.15-4.18% PERS Based on years of service
Salary Increases Thereafter:	2.00-5.45% TPAF 3.15-5.15% PERS Based on years of service
Discount rate (2017)	3.58%
Discount rate (2016)	2.85%
Healthcare cost trend rates (PPO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.9% decreasing to 5.0% after nine years
Healthcare cost trend rates (Prescription Drug Benefits)	10.5% decreasing to 5.0% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is 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.

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2016	\$57,831,784,184
<u>Changes for the year:</u>	
Service Cost	2,391,878,884
Interest	1,699,441,736
Benefit Payments	(1,242,412,566)
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(\$7,086,599,129)
Net changes	<u>(\$4,191,942,326)</u>
The State's Total OPEB Liability Balance at 6/30/2017	<u>\$53,639,841,858</u>
The State's total OPEB liability attributable to the District:	\$18,451,964

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017 and other changes.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	<u>June 30, 2017</u>		
	<u>At 1% Decrease 2.58%</u>	<u>At Discount Rate 3.58%</u>	<u>At 1% Increase 4.58%</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	\$53,639,841,858	\$45,680,364,953
	<u>June 30, 2016</u>		
	<u>At 1% Decrease 1.85%</u>	<u>At Discount Rate 2.85%</u>	<u>At 1% Increase 3.85%</u>
Total OPEB Liability (School Retirees)	\$69,283,705,084	\$57,831,784,184	\$48,817,654,566

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		June 30, 2017		
		Health Care Cost		
		<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)		\$44,113,584,560	\$53,639,841,858	\$66,290,599,457

		June 30, 2016		
		Health Care Cost		
		<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)		\$47,452,589,164	\$57,831,784,184	\$71,707,778,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the board of education recognized OPEB expense of \$901,749 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes in proportion	\$99,843,255	(\$99,843,255)
Changes of assumptions or other inputs		(\$6,343,769,032)
Total	<u>\$99,843,255</u>	<u>(\$6,443,612,287)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2018	(\$742,830,097)
2019	(\$742,830,097)
2020	(\$742,830,097)
2021	(\$742,830,097)
2022	(\$742,830,097)
Thereafter	<u>(\$2,629,618,547)</u>
	<u>(\$6,343,769,032)</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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

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

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the proprietary fund types.

NOTE 10: RISK MANAGEMENT

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

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>
2017-2018	\$188	\$5,950	\$795	\$99,027
2016-2017	\$181	\$9,125	6,769	\$93,684
2015-2016	\$182	\$5,894	7,342	\$91,147

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

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

NOTE 12: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,931,710 General Fund fund balance at June 30, 2018, \$95,750 is reserved for encumbrances; \$724,935 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$391,465 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019), \$1,037,201 has been reserved in the Capital Reserve Account; \$133 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and, \$73,691 is unreserved and undesignated.

NOTE 13: 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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 947,495
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/19/2018	300,000
Budgeted Withdrawals	(211,212)
Interest Earnings	918
Ending Balance, June 30, 2018	<u>\$ 1,037,201</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14: 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, 2018 is \$333,470.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 36,242	\$ -
Payroll Agency Trust		4,212
Enterprise Fund		
Special Revenue Fund		32,030
Total	<u>\$ 36,242</u>	<u>\$ 36,242</u>

The special revenue fund owes the general fund for cash advances in anticipation of federal grant receipts. The payroll agency owes the general fund for health insurance employee deductions.

NOTE 16: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,137,896		\$ 4,137,896	\$ 4,137,896	
Tuition From Individuals	20,750		20,750	30,000	\$ 9,250
Tuition	71,750		71,750	142,335	70,585
Interest on Capital Reserve	500	\$ 418	918	918	
Miscellaneous	2,000		2,000	11,277	9,277
Total - Local Sources	4,232,896	418	4,233,314	4,322,426	89,112
State Sources:					
Equalization Aid	1,031,570		1,031,570	1,031,570	
Transportation Aid	151,123		151,123	151,123	
Special Education Aid	198,760		198,760	198,760	
Security Aid	32,939		32,939	32,939	
Adjustment Aid	384,085	(36,145)	347,940	347,940	
PARCC Readiness Aid	2,950		2,950	2,950	
Per Pupil Growth Aid	2,950		2,950	2,950	
Professional Learning Commun.	2,890		2,890	2,890	
Emergency Aid		36,145	36,145	36,145	
Non-Public Transportation Aid				617	617
TPAF Pension Contrib. (On-Behalf - Non-Budgeted)				426,103	426,103
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				275,211	275,211
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				459	459
TPAF Social Security (Reimbursed - Non-Budgeted)				199,908	199,908
Total State Sources	1,807,267		1,807,267	2,709,565	902,298
TOTAL REVENUES	\$ 6,040,163	\$ 418	\$ 6,040,581	\$ 7,031,991	\$ 991,410

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<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	226,498	6,425	232,923	229,933	2,990
Grades 1-5 - Salaries of Teachers	1,339,069	(29,389)	1,309,680	1,279,669	30,011
Grades 6-8 - Salaries of Teachers	292,631	6,726	299,357	295,439	3,918
Home Instr Regular Salaries		3,043	3,043	2,601	
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	61,545	(44,592)	16,953	11,436	5,517
Purchased Technical Services	23,550	(6,444)	17,106	10,250	6,856
General Supplies	130,584	1,455	132,039	113,382	18,657
Textbooks	30,152	56,173	86,325	86,325	
Other Objects	450		450	373	77
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,104,479	(6,603)	2,097,876	2,029,408	68,468
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	37,798	(3,000)	34,798	31,904	2,894
LLD Supply	225		225	225	
Total Learning and/or Language Disabilities	38,023	(3,000)	35,023	32,129	2,894
Behavioral Disabilities:					
Salaries of Teachers	61,043		61,043	61,001	42
Other Salaries for Instruction	27,042	(15,646)	11,396	11,113	283
General Supplies	500		500	225	275
Total Behavioral Disabilities	88,585	(15,646)	72,939	72,339	600
Resource Room/Resource Center:					
Salaries of Teachers	335,043	(6,649)	328,394	328,129	265
General Supplies	1,625		1,625	1,196	429
Total Resource Room/Resource Center	336,668	(6,649)	330,019	329,325	694

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Preschool Disabilities - Part Time:					
Salaries of Teachers	61,687		61,687	60,964	723
Other Salaries for Instruction	15,134		15,134	14,676	458
General Supplies	725		725	269	456
Total Preschool Disabilities - Part Time	77,546		77,546	75,909	1,637
Preschool Disabilities - Full Time:					
Salaries of Teachers	22,140	(1,178)	20,962	19,332	1,630
General Supplies	500		500	86	414
Total Preschool Disabilities - Part Time	22,640	(1,178)	21,462	19,418	2,044
Home Instruction:					
Salaries of Teachers	500		500		500
Total Home Instruction	500		500		500
TOTAL SPECIAL EDUCATION - INSTRUCTION	563,962	(26,473)	537,489	529,120	8,369
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	83,183		83,183	83,003	180
General Supplies	225		225	224	1
Total Basic Skills/Remedial - Instruction	83,408		83,408	83,227	181
School-Sponsored Co/Extra-Curr. Activities-Instruction:					
Salaries	27,568		27,568	24,777	2,791
Purchased Services (300-500 Series)	850		850	651	199
General Supplies	3,000		3,000	281	2,719
Total School-Sponsored Co/Extra-Curr. Act.-Instruction	31,418		31,418	25,709	5,709
Summer School:					
Salaries	21,420		21,420	21,122	298
General Supplies	1,000		1,000	236	764
Total Summer School	22,420		22,420	21,358	1,062
Other Supplemental At Risk Programs:					
Salaries		39,142	39,142	39,142	
Total Other Supplemental At Risk Programs		39,142	39,142	39,142	
TOTAL INSTRUCTION	2,805,687	6,066	2,811,753	2,727,964	83,789

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Attendance and Social Work:					
Salaries	33,108	(2,000)	31,108	29,140	1,968
Total Attendance and Social Work	33,108	(2,000)	31,108	29,140	1,968
Health Services:					
Salaries	88,634		88,634	85,159	3,475
Purchased Professional and Technical Services	3,610		3,610	1,598	2,012
Supplies and Materials	4,350		4,350	2,159	2,191
Other Objects	310		310	110	200
Total Health Services	96,904		96,904	89,026	7,878
Other Supp. Services Students-Related Services:					
Salaries	65,088	(6,508)	58,580	58,579	1
Purchased Professional - Educational Services	7,000	9,714	16,714	16,714	
Supplies and Materials	575	(74)	501	353	148
Total Other Supp. Services Students-Related Services	72,663	3,132	75,795	75,646	149
Other Supp. Services Students-Extra Services:					
Salaries	55,581	13,091	68,672	68,672	
Purchased Professional - Educational Services		10,250	10,250	10,250	
Total Other Supp. Services Students-Extra Services	55,581	23,341	78,922	78,922	
Other Supp. Services Students-Regular:					
Purchased Professional and Technical Services	1,800		1,800	338	1,462
Total Other Supp. Services Students-Regular	1,800		1,800	338	1,462
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	143,434		143,434	143,433	1
Salaries of Secretarial and Clerical Assistants	41,902		41,902	41,902	
Purchased Professional - Educational Services	23,575		23,575	19,380	4,195
Other Purchased Services (400-500 series)	300		300	166	134
Supplies and Materials	3,000	9	3,009	1,284	1,725
Other Objects	1,050		1,050	220	830
Total Other Supp. Services Students-Special	213,261	9	213,270	206,385	6,885

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services:					
Salaries of Supervisors of Instructional Staff		5,046	5,046	5,046	
Salaries of Other Professional Staff	5,000		5,000	2,533	2,467
Salaries of Secretarial and Clerical Assistants	33,982	(7,900)	26,082	25,333	749
Purchased Professional - Educational Services	13,000	(5,046)	7,954		7,954
Supplies and Materials		6,000	6,000	1,946	4,054
Total Improvement of Instruction Services	51,982	(1,900)	50,082	34,858	15,224
Educational Media Services/School Library:					
Salaries	65,088	(25,946)	39,142	39,142	
Salaries of Technology Coordinators	24,440		24,440	20,061	4,379
Purchased Services (300-500 Series)	4,995	7,522	12,517	9,517	3,000
Supplies and Materials	5,125	287	5,412	3,832	1,580
Total Educational Media Services/School Library	99,648	(18,137)	81,511	72,552	8,959
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	9,000		9,000	5,482	3,518
Total Instructional Staff Training Services	9,000		9,000	5,482	3,518
Supp. Services - General Administration:					
Salaries	137,709	(397)	137,312	137,312	
Legal Services	15,000	23,670	38,670	38,670	
Audit Fees	12,020		12,020	12,020	
Architectural/Engineering		3,025	3,025	425	2,600
Other Purchased Professional Services	8,250	(2,288)	5,962	5,962	
Communications/Telephone	13,315	(3,878)	9,437	9,437	
Board of Ed. Other Purchased Services	2,580	(1,461)	1,119	1,119	
Other Purchased Services (400-500 series)	27,168	(3,893)	23,275	23,275	
General Supplies	2,500	(229)	2,271	2,271	
Miscellaneous Expenditures	3,875	1,499	5,374	5,374	
Board of Ed. Dues and Fees	5,644	(1,050)	4,594	4,594	
Total Supp. Services - General Administration	228,061	14,998	243,059	240,459	2,600

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	75,514		75,514	75,514	
Salaries of Secretarial and Clerical Assistants	16,103	(433)	15,670	15,248	422
Purchased Professional and Technical Services	8,000	(608)	7,392	6,998	394
Other Purchased Services (400-500 series)	500		500		500
Supplies and Materials	3,000	3,041	6,041	5,716	325
Other Objects	2,628		2,628	2,594	34
Total Support Services - School Administration	105,745	2,000	107,745	106,070	1,675
Central Services:					
Salaries	117,628	1	117,629	117,629	
Purchased Professional Services	17,395	3,699	21,094	19,173	1,921
Miscellaneous Purchased Services (400-500 series)	2,180		2,180	1,501	679
Supplies and Materials	3,500	200	3,700	3,468	232
Other Objects	2,287	1,625	3,912	3,037	875
Total Central Services	142,990	5,525	148,515	144,808	3,707
Administrative Information Technology:					
Purch Tech Svcs	22,983	(6,198)	16,785	14,908	1,877
Supplies and Materials	1,000	500	1,500		1,500
Total Administrative Information Technology	23,983	(5,698)	18,285	14,908	3,377
Required Maintenance for School Facilities:					
Salaries	68,350		68,350	61,320	7,030
Cleaning, Repair and Maintenance Services	39,050	(1,500)	37,550	31,874	5,676
Lead Testing of Drinking Water	2,200		2,200	210	1,990
General Supplies	10,000		10,000	4,086	5,914
Total Required Maintenance for School Facilities	119,600	(1,500)	118,100	97,490	20,610

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	151,723		151,723	140,280	11,443
Purchased Professional and Technical Services	3,000	367	3,367	2,979	388
Cleaning, Repair and Maintenance Services	40,120		40,120	35,796	4,324
Insurance	32,780		32,780	28,648	4,132
Maintenance Travel	550		550	86	464
Miscellaneous Purchased Services	2,100		2,100	1,448	652
General Supplies	24,500		24,500	20,389	4,111
Energy (Electricity)	66,900	(4,500)	62,400	32,722	29,678
Energy (Oil)	135,000	(4,000)	131,000	54,439	76,561
Other Objects	2,905		2,905	1,161	1,744
Total Other Operations and Maintenance of Plant	459,578	(8,133)	451,445	317,948	133,497
Care and Upkeep of Grounds:					
Purchased Professional and Technical Services	7,000		7,000	4,648	2,352
Grounds Repair	3,500		3,500	139	3,361
General Supplies	6,000	2,154	8,154	4,730	3,424
Total Care and Upkeep of Grounds	16,500	2,154	18,654	9,517	9,137
School Security:					
Purchased Professional and Technical Services	7,900		7,900	7,679	221
Cleaning, Repair and Maintenance Services	4,000		4,000	955	3,045
General Supplies	9,000		9,000	5,616	3,384
Total School Security	20,900		20,900	14,250	6,650
Student Transportation Services					
Sal. For Pupil Trans (Bet Home & Sch)-Reg.	8,585		8,585	8,585	
Management Fee	1,200		1,200	853	347
Contr Serv. - Aid in Lieu Payments	2,652		2,652	2,000	652
Contr Serv. - Aid in Lieu Payments - Charter Sch.	4,420		4,420	4,000	420
Contracted Services (Between Home and School)-Vendors	263,262	(28,465)	234,797	223,840	10,957
Contracted Services (Other than Between Home and School)-Vendors	19,826		19,826	12,378	7,448
Contracted Services (Between Home and Sch)-Joint Agrmnts.	3,500		3,500	747	2,753
Contracted Services (Special Education Students)-Joint Agrmnts.	30,000	(14,520)	15,480	14,738	742
Contracted Services (Spl Ed Students)-ESCs & CTASs		29,985	29,985	24,827	5,158
Total Student Transportation Services	333,445	(13,000)	320,445	291,968	28,477

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Unused Sick Payment to Terminated/Retired Staff	19,250		19,250	17,220	2,030
UNALLOCATED BENEFITS					
Social Security Contributions	74,000	(1,000)	73,000	69,423	3,577
Other Retirement Contributions - Regular	65,200		65,200	59,733	5,467
Workmen's Compensation	38,260		38,260	30,268	7,992
Health Benefits	1,084,809		1,084,809	926,466	158,343
Tuition Reimbursement	15,200	(2,396)	12,804	5,859	6,945
Other Employee Benefits	35,000	2,396	37,396	37,396	
TOTAL UNALLOCATED BENEFITS	1,312,469	(1,000)	1,311,469	1,129,145	182,324
On-behalf TPAF pension Contrib. (non-budgeted)				426,103	(426,103)
On-behalf TPAF PRM Contrib. (non-budgeted)				275,211	(275,211)
On-behalf TPAF pension LTD Ins. (non-budgeted)				459	(459)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				199,908	(199,908)
TOTAL ON-BEHALF CONTRIBUTIONS				901,681	(901,681)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	1,331,719	(1,000)	1,330,719	2,048,046	(717,327)
TOTAL UNDISTRIBUTED EXPENDITURES	3,416,468	(209)	3,416,259	3,877,813	(461,554)
TOTAL GENERAL CURRENT EXPENSE	6,222,155	5,857	6,228,012	6,605,777	(377,765)
CAPITAL OUTLAY					
Equipment:					
Undistricted Expenditures-Central Sv		4,500	4,500		
Undistributed Expenditures-Admin. Info Tech.	34,100	584	34,684	34,684	
Undistributed Expenditures - Care and Upkeep of Grounds	10,000	(131)	9,869	9,869	
Undistributed Expenditures - Required for Sch. Maintenance					
Total Equipment	44,100	4,953	49,053	44,553	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Facilities Acquisition and Construction Serv.:					
Legal Services	2,400		2,400	223	2,177
Architectural/Engineering Services	46,400	1,350	47,750	44,600	3,150
Other Purchased and Technical Services	12,000	(1,803)	10,197	3,301	6,896
Construction Services	563,500	(189,288)	374,212	290,674	83,538
Assessment for Debt Service on SDA Funding	1,790		1,790	1,790	
Total Facilities Acquisition and Construction Serv.	626,090	(189,741)	436,349	340,588	95,761
TOTAL CAPITAL OUTLAY	670,190	(184,788)	485,402	385,141	95,761
Transfer of Funds to Charter Schools	81,206		81,206	65,275	15,931
TOTAL EXPENDITURES	6,973,551	(178,931)	6,794,620	7,056,193	(266,073)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(933,388)	179,349	(754,039)	(24,202)	729,837
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(933,388)	179,349	(754,039)	(24,202)	729,837
Fund Balance, July 1	2,132,838		2,132,838	2,132,838	
Fund Balance, June 30	\$ 1,199,450	\$ 179,349	\$ 1,378,799	\$ 2,108,636	\$ 729,837

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,037,201	
Excess Surplus				333,470	
Excess Surplus- Designated for Subsequent Year's Expenditures				391,465	
Assigned to:					
Year-End Encumbrances				95,750	
Designated for Subsequent Year's Expenditures				133	
Unassigned:					
Unrestricted Fund Balance				<u>250,617</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>2,108,636</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payments not recognized on GAAP basis				<u>(176,926)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u><u>\$ 1,931,710</u></u>	

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local		\$ 14,651	\$ 14,651	\$ 11,386	\$ (3,265)
Federal Sources	\$ 125,039	28,175	153,214	153,201	(13)
Total Revenues	125,039	42,826	167,865	164,587	(3,278)
EXPENDITURES:					
Instruction					
Instructional Salaries	31,821	(2,901)	28,920	28,920	
Other Salaries for Instruction	27,644	1,677	29,321	29,321	
Supplies	48,088	28,056	76,144	72,866	3,278
Other Objects		1,110	1,110	1,110	
Total Instruction	107,553	27,942	135,495	132,217	3,278
Support Services					
Salaries of Other Professional Staff	2,440	280	2,720	2,720	
Purchased Educational Services	10,000	9,786	19,786	19,786	
Other Purchased Services	5,046	4,818	9,864	9,864	
Total Support Services	17,486	14,884	32,370	32,370	
Total Expenditures	125,039	42,826	167,865	164,587	3,278
Total Outflows	\$ 125,039	\$ 42,826	\$ 167,865	\$ 164,587	3,278
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>

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

For the Fiscal Year Ended June 30, 2018

**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)	\$ 7,031,991	\$ 164,587
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	5,225
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	180,545	
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(176,926)</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>\$ 7,035,610</u>	<u>\$ 169,812</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,056,193	\$ 164,587
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	5,225
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>\$ 7,056,193</u>	<u>\$ 169,812</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A					
State's proportionate share of the net pension liability (asset) associated with the District	\$ <u>20,378,571</u>	\$ <u>23,983,633</u>	\$ <u>19,731,234</u>	\$ <u>17,061,266</u>	\$ <u>16,803,237</u>					
Total	\$ <u>20,378,571</u>	\$ <u>23,983,633</u>	\$ <u>19,731,234</u>	\$ <u>17,061,266</u>	\$ <u>16,803,237</u>					
District's covered employee payroll	\$ 2,822,523	\$ 2,932,165	\$ 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	N/A	N/A					
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
District's proportion of the net pension liability (asset)	0.005949310%	0.006075514%	0.005938480%	0.005802989%	0.006664282%					
District's proportionate share of the net pension liability (asset)	\$ <u>1,384,904</u>	\$ <u>1,799,393</u>	\$ <u>1,333,070</u>	\$ <u>1,086,478</u>	\$ <u>1,273,677</u>					
District's covered employee payroll	\$ 371,026	\$ 365,707	\$ 744,751	\$ 655,505	\$ 613,816					
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	373.26%	492.03%	179.00%	165.75%	207.50%					
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.18%	40.14%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A					
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A					
District's covered employee payroll	\$ 2,822,523	\$ 2,932,165	\$ 2,883,647	\$ 3,092,559	\$ 3,221,083					
Contributions as a percentage of covered-employee payroll	N/A	N/A	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 56,003	\$ 54,331	\$ 53,407	\$ 50,488	\$ 45,624					
Contributions in relation to the contractually required contribution	(56,003)	(54,331)	(53,407)	(50,488)	(45,624)					
Contribution deficiency (excess)	-	-	-	-	-					
District's covered employee payroll	\$ 371,026	\$ 365,707	\$ 744,751	\$ 655,505	\$ 613,816					
Contributions as a percentage of covered-employee payroll	15.09%	14.86%	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 Township School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Service Cost	\$ 2,391,878,884	\$ 1,723,999,319								
Interest	1,699,441,736	1,823,643,792								
Benefit Payments	(1,242,412,566)	(1,223,298,019)								
Contributions from Members	45,748,749	46,273,747								
Changes of Assumptions or other inputs	\$ (7,086,599,129)	8,611,513,521								
Net change in total OPEB liability	(4,191,942,326)	10,982,132,360								
Total OPEB Liability - Beginning	\$ 57,831,784,184	\$46,849,651,824								
Total OPEB Liability - Ending	\$ 53,639,841,858	\$57,831,784,184								
The State of New Jersey's total OPEB liability **	\$ 53,639,841,858	\$57,831,784,184								
The State of New Jersey's OPEB liability attributable to the District **	\$ 18,451,964	\$ 20,113,322								
The District's proportionate share of the total OPEB liability	Zero	Zero								
District's covered employee payroll	\$ 3,193,549	\$ 3,297,872								
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%								
District's contribution	None	None								
State's covered employee payroll ***	\$ 13,493,400,208	\$13,493,400,208								
Total State's OPEB liability as a percentage of its covered-employee payroll	397.53%	428.59%								

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Based on payroll on the June 30, 2016 census data

* - 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 and OPEB Schedules**

For the Fiscal Year Ended June 30, 2018

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Public Employees' Retirement System (PERS)

Pension Schedules

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.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

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, 2018

	Title I	Title II Part A	Title IV	IDEA Basic	IDEA Preschool	REAP	Local	Totals
REVENUES								
Local							\$ 11,386	\$ 11,386
Federal Sources	\$ 24,463	\$ 6,150	\$ 10,000	\$ 73,003	\$ 5,562	\$ 34,023		153,201
TOTAL REVENUES	24,463	6,150	10,000	73,003	5,562	34,023	11,386	164,587
EXPENDITURES:								
Instruction:								
Instructional Salaries	13,040		1,640	14,240				28,920
Other Salaries for Instruction				29,321				29,321
Supplies	11,423		8,360	6,875	799	34,023	11,386	72,866
Other Objects				1,110				1,110
Total Instruction	24,463		10,000	51,546	799	34,023	11,386	132,217
Support Services:								
Salaries of Other Professional Staff				2,720				2,720
Purchased Educational Services				15,023	4,763			19,786
Other Purchased Services		6,150		3,714				9,864
Total Support Services		6,150		21,457	4,763			32,370
TOTAL EXPENDITURES	24,463	6,150	10,000	73,003	5,562	34,023	11,386	164,587
Total Outflows	\$ 24,463	\$ 6,150	\$ 10,000	\$ 73,003	\$ 5,562	\$ 34,023	\$ 11,386	\$ 164,587
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

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2018

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	STUDENT ACTIVITY	AGENCY FUNDS PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$ 99,027	\$ 8,559	\$ 4,515	\$ 112,101
TOTAL ASSETS	<u>\$ 99,027</u>	<u>\$ 8,559</u>	<u>\$ 4,515</u>	<u>\$ 112,101</u>
LIABILITIES:				
Liabilities:				
Payable to Student Groups		\$ 8,559		\$ 8,559
Payroll Deductions and Withholdings			\$ 12	12
Health Reimbursement Account			291	291
Interfund Payable		-	4,212	4,212
Total Liabilities		<u>8,559</u>	<u>4,515</u>	<u>13,074</u>
NET POSITION				
Held in Trust for Unemployment				
Claims and Other Purposes	\$ 99,027			99,027
TOTAL LIABILITIES AND NET POSITION	<u>\$ 99,027</u>	<u>\$ 8,559</u>	<u>\$ 4,515</u>	<u>\$ 112,101</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 5,950	\$ 5,950
Total Contributions	<u>5,950</u>	<u>5,950</u>
Investment Earnings:		
Interest	<u>188</u>	<u>188</u>
Net Investment Earnings	<u>188</u>	<u>188</u>
Total Additions	<u>6,138</u>	<u>6,138</u>
DEDUCTIONS		
Claims/Quarterly Contribution Reports	<u>795</u>	<u>795</u>
Total Deductions	<u>795</u>	<u>795</u>
Change in Net Position	5,343	5,343
Net Position—Beginning of the Year	<u>93,684</u>	<u>93,684</u>
Net Position—End of the Year	<u>\$ 99,027</u>	<u>\$ 99,027</u>

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2017</u>	<u>TRANSFERS</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2018</u>
Student Activity Accounts	\$ 6,926		\$ 27,141	\$ 25,508	\$ 8,559
Total	\$ 6,926	-	\$ 27,141	\$ 25,508	\$ 8,559

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE			BALANCE
	July 1, 2017	ADDITIONS	DELETIONS	June 30, 2018
ASSETS:				
Cash and Cash Equivalents	\$ 5,808	\$ 4,058,456	\$ 4,059,749	\$ 4,515
Total Assets	\$ 5,808	\$ 4,058,456	\$ 4,059,749	\$ 4,515
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 4	\$ 1,761,730	\$ 1,761,722	\$ 12
Salaries and Wages	-	2,202,679	2,202,679	-
Health Reimbursement Account	235	4,835	4,779	291
Summer Pay Plan	-	85,000	85,000	-
Interfund Payable	5,569	4,212	5,569	4,212
Total Liabilities	\$ 5,808	\$ 4,058,456	\$ 4,059,749	\$ 4,515

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.	94-99
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.	100-103
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.	104-107
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.	108-109
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.	110-114

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**Stillwater Township School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 1,644,211	\$ 1,577,626	\$ 1,518,908	\$ 1,455,534	\$ 1,373,154	\$ 1,555,227	\$ 1,907,174	\$ 2,059,005	\$ 2,171,034	\$ 2,320,306
Restricted	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948	1,872,348	1,762,269
Unrestricted	(233,237)	(205,715)	(133,042)	(176,444)	(71,826)	(58,338)	(1,281,627)	(1,248,108)	(1,340,395)	(1,281,374)
Total governmental activities net position	\$ 2,270,026	\$ 2,096,063	\$ 2,053,821	\$ 2,253,918	\$ 2,460,122	\$ 2,936,676	\$ 2,050,935	\$ 2,423,845	\$ 2,702,987	\$ 2,801,201
Business-type activities										
Invested in capital assets, net of related debt	\$ 35,082	\$ 36,857	\$ 25,670	\$ 19,569	\$ 13,468	\$ 7,367	\$ 1,267	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,965	31,317	33,797	30,513	30,847	30,431	29,783	\$ 23,987	\$ 21,068	\$ 20,047
Total business-type activities net position	\$ 51,047	\$ 68,174	\$ 59,467	\$ 50,082	\$ 44,315	\$ 37,798	\$ 31,050	\$ 23,987	\$ 21,068	\$ 20,047
District-wide										
Invested in capital assets, net of related debt	\$ 1,679,293	\$ 1,614,483	\$ 1,544,578	\$ 1,475,103	\$ 1,386,622	\$ 1,562,594	\$ 1,908,441	\$ 2,059,005	\$ 2,171,034	\$ 2,320,306
Restricted	859,052	724,152	667,955	974,828	1,158,794	1,439,787	1,425,388	1,612,948	1,872,348	1,762,269
Unrestricted	(217,272)	(174,398)	(99,245)	(145,931)	(40,979)	(27,907)	(1,251,844)	(1,224,121)	(1,319,327)	(1,261,327)
Total district net position	\$ 2,321,073	\$ 2,164,237	\$ 2,113,288	\$ 2,304,000	\$ 2,504,437	\$ 2,974,474	\$ 2,081,985	\$ 2,447,832	\$ 2,724,055	\$ 2,821,248

Source: CAFR Schedule A-1

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

Exhibit J-2

	<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>2017</u>	<u>2018</u>
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,900,814	\$ 2,996,887	\$ 2,875,287	\$ 3,018,698	\$ 3,056,614	\$ 3,083,544	\$ 3,488,253	\$ 3,518,463	\$ 4,207,703	\$ 4,010,017
Special education	579,109	698,908	568,226	540,784	557,730	579,851	759,695	810,625	947,512	962,937
Other special education	173,520	240,024	207,110	222,157	217,106	188,902	168,203	161,170	202,689	308,354
School Sponsored		23,392	-	-						
Support Services:										
Tuition	957		97,434	57,606						
Student & instruction related services	715,600	678,038	747,938	784,025	754,085	750,617	889,495	907,722	1,000,265	1,136,916
General administrative services	285,611	330,206	589,588	568,651	555,793	540,672	668,027	610,182	696,598	815,605
School administrative services	191,349	205,989	190,509	188,068	173,408	176,183	176,132	193,100	187,949	193,035
Business administrative services	171,017	179,511	-	-						
Plant operations and maintenance	457,348	482,230	581,981	625,475	598,453	688,842	756,154	659,861	789,065	909,151
Pupil transportation	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332	316,376	291,968
Charter School	8,480	41,737	-	-						
Interest Expense and fiscal charges						1,790	1,790	1,790	1,790	1,790
Capital Outlay		4,334	-	-						
Unallocated depreciation	197,862	69,961	58,334	62,089	54,704	63,314	75,245	87,552	75,857	89,135
Total governmental activities expenses	<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>	<u>8,425,804</u>	<u>8,718,908</u>
Business-type activities:										
Food service	137,346	146,649	139,349	149,489	136,107	130,175	129,335	128,499	111,357	110,711
Total business-type activities expense	<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>	<u>111,357</u>	<u>110,711</u>
Total district expenses	<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>	<u>\$ 8,537,161</u>	<u>\$ 8,829,619</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 85,748	\$ 43,214	\$ 58,309	\$ 106,199	\$ 152,769	\$ 191,115	\$ 238,396	\$ 176,302	\$ 152,631	\$ 172,335
Operating grants and contributions	918,141	999,591	2,388,085	2,643,259	2,565,233	2,601,587	3,372,852	3,366,281	4,247,491	4,478,085
Capital grants and contributions										
Total governmental activities program revenues	<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>	<u>4,400,122</u>	<u>4,650,420</u>
Business-type activities:										
Charges for services										
Food service	100,907	105,742	99,641	99,234	91,053	82,258	79,286	77,063	66,948	70,167
Operating grants and contributions	31,107	39,383	35,929	40,838	39,271	37,941	38,774	39,172	37,510	39,183
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>104,458</u>	<u>109,350</u>
Total district program revenues	<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>	<u>\$ 4,504,580</u>	<u>\$ 4,759,770</u>
Net (Expense)/Revenue										
Governmental activities	\$ (5,026,387)	\$ (5,222,339)	\$ (3,770,347)	\$ (3,627,451)	\$ (3,558,834)	\$ (3,560,928)	\$ (3,679,869)	\$ (3,712,214)	\$ (4,025,682)	\$ (4,068,488)
Business-type activities	(5,332)	(1,524)	(3,779)	(9,417)	(5,783)	(9,976)	(11,275)	(12,264)	(6,899)	(1,361)
Total district-wide net expense	<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>	<u>\$ (4,032,581)</u>	<u>\$ (4,069,849)</u>

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

Exhibit J-2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816	\$ 4,043,035	\$ 4,113,212	\$ 4,137,896
Property taxes levied for debt service, net										
Federal and State Aid not restricted	1,621,973	1,383,512	-	-						
Investment earnings	15,580	2,582	4,279	2,850	3,274	3,494	4,076	3,882	4,486	6,343
Miscellaneous income	19,001	8,714	-	-	1,282	4,991	1,069	38,207	27,201	22,463
Federal and State Aid for Capital Assets Projects			16,661							
Disposal of Assets										
Transfers	(989)									
Total governmental activities	<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>	<u>4,144,899</u>	<u>4,166,702</u>
Business-type activities:										
Investment earnings	672	390	141	32	16	76	76	76	53	53
Miscellaneous income		18,261	(5,069)			3,383	4,451	5,125	3,927	287
Transfers	989									
Total business-type activities	<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>	<u>3,980</u>	<u>340</u>
Total district-wide	<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>	<u>\$ 4,148,879</u>	<u>\$ 4,167,042</u>
Change in Net Position										
Governmental activities	\$ 229,265	\$ (173,963)	\$ 297	\$ 200,097	\$ 346,913	\$ 426,382	\$ 343,092	\$ 372,910	\$ 119,217	\$ 98,214
Business-type activities	(3,671)	17,127	(8,707)	(9,385)	(5,767)	(6,517)	(6,748)	(7,063)	(2,919)	(1,021)
Total district	<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>	<u>\$ 116,298</u>	<u>\$ 97,193</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ 841,079	\$ 706,179	\$ 690,269	\$ 915,276	\$ 1,110,387	\$ 1,458,282	\$ 1,449,857	\$ 1,631,222	\$ 1,882,705	\$ 1,858,019
Unreserved	48,775	45,649	75,722	63,907	76,440	70,864	70,827	69,799	69,588	73,691
Total general fund	<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>	<u>\$ 1,952,293</u>	<u>\$ 1,931,710</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 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>\$ 38,606</u>	<u>\$ 64,761</u>	<u>\$ 57,511</u>	<u>-</u>	<u>-</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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Tax levy	\$ 3,600,087	\$ 3,653,568	\$ 3,749,704	\$ 3,824,698	\$ 3,901,191	\$ 3,978,825	\$ 4,017,816	\$ 4,043,035	\$ 4,113,212	\$ 4,137,896
Tuition charges	85,748	43,214	58,309	106,199	152,769	191,115	238,396	176,302	152,631	172,335
Interest earnings	15,580	2,582	1,201	761	834	910	858	815	889	918
Miscellaneous	19,001	8,714	3,078	2,089	3,722	7,575	4,287	41,274	30,798	27,888
State sources	2,376,826	1,934,433	2,252,699	2,398,842	2,447,609	2,370,199	2,468,499	2,544,211	2,638,854	2,713,184
Federal sources	163,288	448,670	152,047	244,417	117,624	231,388	155,074	152,051	147,105	153,201
Total revenue	6,260,530	6,091,181	6,217,038	6,577,006	6,623,749	6,780,012	6,884,930	6,957,688	7,083,489	7,205,422
Expenditures										
Instruction										
Regular Instruction	2,166,948	2,136,330	2,133,081	2,214,867	2,187,612	2,230,312	2,196,952	2,107,407	2,119,935	2,166,850
Special education instruction	413,726	545,686	426,817	401,820	403,448	423,512	485,195	512,851	529,948	529,120
Other special instruction	145,782	168,101	155,569	165,070	157,049	137,970	107,426	101,966	113,365	169,436
School Sponsored Other Instruction		16,655	-	-						
Support Services:										
Tuition	957		97,434	57,606						
Student & instruction related services	530,222	552,704	561,806	582,556	545,486	548,236	568,094	574,280	559,453	624,719
General administrative services	253,407	280,167	289,161	263,828	246,363	225,686	265,916	198,320	229,497	255,367
School Administrative services	143,476	148,322	143,099	139,741	125,439	128,681	112,490	122,167	105,121	106,070
Business administrative services	139,200	151,265	151,630	156,493	153,741	166,961	158,061	184,609	157,420	144,808
Plant operations and maintenance	391,911	437,352	436,158	463,694	431,977	502,041	481,655	415,981	440,039	439,205
Pupil transportation	348,609	313,927	300,334	309,356	308,943	279,915	308,123	304,332	316,376	291,968
Unallocated employee benefits	1,266,077	1,396,215	1,415,272	1,552,530	1,665,385	1,577,988	1,683,299	1,759,535	1,914,009	2,048,046
Special Revenue										
Charter Schools	8,480	41,737	-	-	58,542	51,723	58,780	131,547	79,866	65,275
Capital outlay	82,978	40,746	71,881	30,098	139,370	222,179	467,401	364,356	267,188	385,141
Debt service										
Total expenditures	5,891,773	6,229,207	6,182,242	6,337,659	6,423,355	6,495,204	6,893,392	6,777,351	6,832,217	7,226,005
Excess (Deficiency) of revenues over (under) expenditures	368,757	(138,026)	34,796	239,347	200,394	284,808	(8,462)	180,337	251,272	(20,583)
Other Financing Sources (uses)										
Transfers in						8,409				
Transfers out	(989)					(8,409)	-	-	-	-
Total other financing sources (uses)	(989)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 367,768	\$ (138,026)	\$ 34,796	\$ 239,347	\$ 200,394	\$ 284,808	\$ (8,462)	\$ 180,337	\$ 251,272	\$ (20,583)
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Interest on</u> <u>Cap.Reserve</u> <u>Funds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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	2,089		761	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
2017	3,597	6	889	152,631	1,285	158,408
2018	5,425	9	918	172,335	5,843	184,530

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>
2009	\$5,341,900	\$208,201,900	\$26,891,100		\$8,930,700	\$408,900	-	\$279,008,993	\$28,948,500	\$286,093	\$250,060,493	\$1.482	\$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	1.515	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	1.549	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	1.582	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	1.549	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	0.986	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	0.996	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	1.007	447,554,460
2017	7,421,600	343,742,100	37,572,500	1,573,300	13,730,500	324,700	-	473,008,404	68,033,200	610,504	404,975,204	1.016	437,771,416
2018	7,482,600	342,279,500	39,007,300	1,563,100	14,592,900	324,700	-	474,533,277	68,649,600	633,577	405,883,677	1.016	455,280,148

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	
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
2017	\$1.007	\$1.007	\$0.850	\$0.500	\$0.597	\$2.954
2018	\$1.016	\$1.016	\$0.879	\$0.502	\$0.640	\$3.037

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	2018			2008		
	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	0.50%	\$ 1,105,400	1	0.46%
Mission of TAO - Confucianism				873,800	2	0.36%
US Bank National Assoc	1,819,400	2	0.45%			
North Shore House	1,297,500	3	0.32%	605,300	4	0.25%
Individual Taxpayer #1	1,278,900	4	0.32%	814,900	3	0.34%
Individual Taxpayer #2	1,203,100	5	0.30%	570,300	5	0.24%
Individual Taxpayer #3	1,082,000	6	0.27%	570,100	6	0.24%
Greenwood Pt Cottages	1,000,000	7	0.25%	541,500	7	0.23%
Individual Taxpayer #4	906,700	8	0.22%	518,900	8	0.22%
Individual Taxpayer #5	879,800	9	0.22%	463,400	9	0.19%
Individual Taxpayer #6	862,400	10	0.21%	445,500	10	0.19%
Total	\$ 12,371,300		3.05%	\$ 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	
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%	-
2017	\$4,113,212	\$4,113,212	100.00%	-
2018	\$4,137,896	\$4,137,896	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 Participatio n	Capital Leases	Bond Anticipatio n Notes (BANs)	Capital Leases	Total District	Income ^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	
2017	-0-	-0-	-0-	-0-	-0-	-0-	N/A	N/A	
2018	-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		
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-
2017	-0-	-0-	-0-	-0-	-0-
2018	-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, 2018**

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	\$ 1,698,500	100.000%	\$ 1,698,500
Other debt			
Kittatinny Regional School District	850,000	25.376%	215,695
Sussex County	108,606,061	2.70%	<u>2,931,375</u>
Subtotal, overlapping debt			4,845,570
Stillwater Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 4,845,570</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 2018

	Equalized valuation basis
	2015 \$ 435,884,644
	2016 \$ 452,866,726
	2017 \$ 451,431,547
	[A] \$ <u>1,340,182,917</u>
Average equalized valuation of taxable property	[A/3] \$ 446,727,639
Debt limit (2.5 % of average equalization value)	[B] 11,168,191
Net bonded school debt	[C] -
Legal debt margin	[B-C] \$ <u>11,168,191</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>2017</u>	<u>2018</u>
Debt limit	\$14,264,857	\$14,556,723	\$14,370,366	\$14,370,366	\$12,919,313	\$12,161,125	\$11,494,400	\$11,212,103	\$11,135,595	\$11,168,191
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$11,135,595</u>	<u>\$11,168,191</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>Unemploye nt Rate ^d</u>
2009	4,312	\$201,159,112	\$46,651 R	2.1%
2010	4,148	\$195,910,040	\$47,230 R	3.5%
2011	4,117	\$201,560,086	\$48,958 R	3.7%
2012	4,080	\$206,435,760	\$50,597 R	3.6%
2013	4,038	\$206,471,016	\$51,132 R	3.6%
2014	4,005	\$212,817,690	\$53,138 R	5.8%
2015	3,961	\$217,847,078	\$54,998 R	4.9%
2016	3,935	\$221,080,105	\$56,183 *	4.6%
2017	3,920	\$220,237,360	\$56,183 *	4.1%
2018	3,947	\$221,754,301	\$56,183 *	*

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	2017			2008		
	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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	37.0	38.0	37.0	27.6	31.6	31.6	29.6	28.0	27.4	25.4
Special education	5.0	7.0	7.0	8.0	6.0	6.0	8.0	8.0	7.5	8.5
Other special education	3.0	3.0	3.0	2.0	2.0	2.0	2.0	-	-	-
Support Services:										
Student and Instruction Related Services	2.0	2.0	2.0	8.8	8.0	7.5	9.4	11.2	9.1	11.5
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	2.5	2.2	2.2	2.0	2.0
Central Services	2.0	2.0	2.0	2.0	2.0	2.2	2.0	2.1	1.8	1.8
Plant Operations and Maintenance	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.6	3.6	3.6
Transportation	-	-	-	-	-	-	0	0	0.2	0.2
Total	56.0	59.0	58.0	55.9	57.1	57.3	58.9	56.9	53.6	55.0

Source: District Personnel Records

**Stillwater Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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%
2017	289	6,565,029	22,716	14.41%	38	1:7.6	289.1	273.9	-9.20%	94.7%
2018	286	6,840,864	23,919	5.29%	37	1:6.5	285.1	270.6	-1.39%	94.9%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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	398	401	381	370	356	340	350	323	289	286

Number of Schools at June 30, 2018
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, 2018

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2017</u>	<u>2018</u>	<u>Total</u>
Elementary School	N/A	\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 94,442	\$ 97,490	\$ 1,053,950
Total School Facilities		113,491	117,863	88,681	114,812	98,604	92,176	116,396	119,995	94,442	97,490	1,053,950
Other Facilities												
Grand Total		\$ 113,491	\$ 117,863	\$ 88,681	\$ 114,812	\$ 98,604	\$ 92,176	\$ 116,396	\$ 119,995	\$ 94,442	\$ 97,490	\$ 1,053,950

STILLWATER TOWNSHIP SCHOOL DISTRICT

Exhibit J-20

INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY-NJSIG		
Building & Personal Property	\$ 15,159,822	\$ 5,000
General Liability:	11,000,000	
Automobile Liability Coverage	11,000,000	
Environmental Impairment Liability	1,000,000	50,000
Underground Storage Tanks	1,000,000	10,000
Faithful Performance & Computer Fraud	1,000,000	1,000
Money & Securities	100,000	1,000
Boiler & Machinery	100,000,000	5,000
School Board Legal (SLPL) NJSIG	11,000,000	Coverage A \$5,000
	\$100,000/300/000	Coverage B same
Workers' Compensation NJSIG	Statutory	
Employer's Liability	2,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	200,000	
Bond for Treasurer of School Monies	200,000	
Student Accident- Bollinger	All students and athletes	\$5,000,000 Full exce

SOURCE: District Records

Single Audit Section



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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, 2018, 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 January 16, 2019.

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

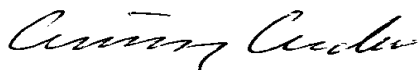
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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
January 16, 2019



Licensed Public School Accountant No.2369



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 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, 2018. 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, 2018.

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
January 16, 2019

Anthony Ardito

Licensed Public School Accountant No.2369

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2018

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 \$3,619 for the general fund and \$5,225 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, 2018

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,713,184	\$ 2,713,184
Special Revenue Fund	\$ 153,201	-	153,201
Food Service Fund	<u>37,192</u>	<u>1,165</u>	<u>38,357</u>
Total Financial Assistance	<u>\$ 190,393</u>	<u>\$ 2,714,349</u>	<u>\$ 2,904,742</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, 2018. 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, 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018

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, 2018

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.