

*TOWNSHIP OF STILLWATER*

*COUNTY OF SUSSEX*

*REPORT OF AUDIT*

*2015*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF STILLWATER

COUNTY OF SUSSEX

REPORT OF AUDIT

2015

F1,813,000 TOWNSHIP OF STILLWATER  
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TOWNSHIP OF STILLWATER  
PART I  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA  
YEAR ENDED DECEMBER 31, 2015



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## Independent Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Stillwater, New Jersey

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

We have audited the financial statements – *regulatory basis* - of the various funds of the in the County of Sussex (the "Township") as of and for the years ended December 31, 2015, and 2014, and the related notes to the 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 practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township'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 qualified audit opinions.

The Honorable Mayor and Members  
of the Township Committee  
Township of Stillwater  
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***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1, the financial statements are prepared by the Township on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly in accordance with accounting principles generally accepted in the United States of America the financial position of each fund and account group of the Township as of December 31, 2015 and 2014, or the changes in financial position where applicable, thereof for the years then ended.

***Basis for Qualified Opinion***

The Township's general fixed assets account group is stated at historical cost or estimated historical cost in the accompanying financial statements. We were unable to obtain sufficient evidence to support the cost of the fixed assets of the general fixed assets account group. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. Therefore, based upon the underlying accounting records, we have not audited the general fixed assets account group.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects on the December 31, 2015 and 2014 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds of the Township of Stillwater as of December 31, 2015 and 2014, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of the accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Emphasis of Matter***

As discussed in Note 6 to the financial statements, the Township implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the year ended December 31, 2015. Our opinions are not modified with respect to this matter.

The Honorable Mayor and Members  
of the Township Committee  
Township of Stillwater  
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***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Township's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB 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 financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2016 on our consideration of the Township of Stillwater'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 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 Township of Stillwater's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 3, 2016

NISIVOCCIA LLP



Valerie A. Dolan  
Registered Municipal Accountant No. 548  
Certified Public Accountant



TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
CURRENT FUND

TOWNSHIP OF STILLWATER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,874,636.75	\$ 3,562,774.95
Change Fund		275.00	275.00
		<u>3,874,911.75</u>	<u>3,563,049.95</u>
Due From State of New Jersey:			
Senior Citizen and Veterans Deductions		750.00	
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	332,634.91	265,704.88
Tax Title Liens Receivable	A-8	328,390.20	288,613.42
Property Acquired for Taxes at Assessed Valuation		1,492,600.00	1,492,600.00
Revenue Accounts Receivable	A-9	10,136.45	11,636.30
Due from Payroll Agency Fund		329.66	
Due Animal Control Trust Fund	B	6,116.13	9,674.85
Total Receivables and Other Assets		<u>2,170,207.35</u>	<u>2,068,229.45</u>
With Full Reserves			
Deferred Charges:			
Special Emergency Authorizations (40A:4-53)		90,000.00	135,000.00
		<u>90,000.00</u>	<u>135,000.00</u>
<u>TOTAL ASSETS</u>		<u>\$ 6,135,869.10</u>	<u>\$ 5,766,279.40</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 43,377.12	\$ 65,095.64
Unencumbered	A-3;A-11	488,233.39	522,946.47
		<u>531,610.51</u>	<u>588,042.11</u>
Prepaid Taxes		64,916.02	57,114.18
Tax Lien Overpayment		4,000.00	4,000.00
Accounts Payable - Vendors		116,925.00	116,925.00
Water District Taxes Payable		3,109.70	3,410.54
Due General Capital Fund	C	21,204.00	26,458.22
Due Other Trust Funds	B	3,734.40	
Due to State of New Jersey -			
Marriage License Fees		50.00	50.00
Due to State of New Jersey - DCA Training Fees		1,294.00	1,307.00
Due to County of Sussex Added and Omitted Taxes		2,404.61	1,399.50
Reserve for:			
Sale of Municipal Assets		31,441.00	30,741.00
Master Plan		17,382.99	17,382.99
Public Assistance		4,760.31	4,760.31
Revaluation		55,246.50	55,246.50
Pending Tax Appeals		100,000.00	100,000.00
Reserve for Grant Funds - Unappropriated:			
Recycling Tonnage Grant			3,133.04
Reserve for Grant Funds - Appropriated:			
Clean Communities		23,597.57	17,156.81
Municipal Alliance		3,282.31	
Sustainable Jersey Small Grant		3,946.35	
New Jersey State Police Grant		1,695.76	1,695.76
New Jersey Department of Transportation Trust Fund		150,000.00	150,000.00
Environmental Grant		3,710.00	3,710.00
Stormwater Management		6,250.00	6,250.00
		<u>1,150,561.03</u>	<u>1,188,782.96</u>
Reserve for Receivables and Other Assets	A	2,170,207.35	2,068,229.45
Fund Balance	A-1	<u>2,815,100.72</u>	<u>2,509,266.99</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 6,135,869.10</u>	<u>\$ 5,766,279.40</u>

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

TOWNSHIP OF STILLWATER  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2015	2014
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 650,000.00	\$ 550,000.00
Miscellaneous Revenue Anticipated		637,431.01	620,143.17
Receipts from:			
Delinquent Taxes		281,949.41	330,199.69
Current Taxes		11,591,586.90	11,601,913.60
Nonbudget Revenue		66,646.00	41,350.19
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		354,150.40	377,283.31
Interfunds Returned		9,674.85	6,394.01
Collection of Receivable from Caesars Hotel and Casino			795.00
Cancellation of Appropriated Grant Reserves:			
Clean Communities Grant			254.34
		<u>13,591,438.57</u>	<u>13,528,333.31</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		2,634,024.38	2,713,172.39
County Taxes		2,310,276.75	2,277,024.27
Local District School Taxes		4,030,426.00	3,998,320.00
Regional School Districts Taxes		3,532,444.00	3,471,080.00
Open Space Taxes		12,482.16	12,477.43
Water District Taxes		109,505.76	109,505.76
Cancellation of Senior Citizen and Veterans Receivable			250.00
Interfunds Advanced		6,445.79	9,674.85
		<u>12,635,604.84</u>	<u>12,591,504.70</u>
Excess in Revenue		955,833.73	936,828.61
<u>Fund Balance</u>			
Balance January 1		<u>2,509,266.99</u>	<u>2,122,438.38</u>
		3,465,100.72	3,059,266.99
Decreased by:			
Utilized as Anticipated Revenue		<u>650,000.00</u>	<u>550,000.00</u>
Balance December 31	A	<u>\$ 2,815,100.72</u>	<u>\$ 2,509,266.99</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 650,000.00		\$ 650,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	1,000.00		\$ 1,680.00	\$ 680.00
Fees and Permits	95,000.00		102,759.82	7,759.82
Municipal Court - Fines and Costs	5,000.00		4,708.28	291.72 *
Interest and Costs on Taxes	55,000.00		99,295.20	44,295.20
Interest on Investments	1,200.00		2,463.83	1,263.83
Consolidated Municipal Property Tax Relief Act	5,956.00		1,831.00	4,125.00 *
Energy Receipts Tax	271,775.00		275,900.00	4,125.00
Garden State Preservation Trust Fund	64,272.00		64,272.00	
Uniform Construction Code Fees	45,000.00		65,502.00	20,502.00
Clean Communities Grant		\$ 15,885.84	15,885.84	
Municipal Alliance		4,362.00		4,362.00 *
Reserve for Recycling Tonnage Grant	3,133.04		3,133.04	
	<u>547,336.04</u>	<u>20,247.84</u>	<u>637,431.01</u>	<u>69,847.13</u>
Receipts from Delinquent Taxes	235,000.00		281,949.41	46,949.41
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	1,991,440.50		2,406,452.23	415,011.73
Budget Totals	3,423,776.54	20,247.84	3,975,832.65	531,808.27
Nonbudget Revenue			66,646.00	66,646.00
	<u>\$ 3,423,776.54</u>	<u>\$ 20,247.84</u>	<u>\$ 4,042,478.65</u>	<u>\$ 598,454.27</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 11,591,586.90
Allocated to School, County, and Open Space Taxes	9,995,134.67
Balance for Support of Municipal Budget	1,596,452.23

Add: Appropriation "Reserve for Uncollected Taxes"	810,000.00
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Realized for Support of Municipal Budget	\$ 2,406,452.23
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Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 259,606.89
Tax Title Liens	22,342.52

	\$ 281,949.41
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Analysis of Fees and Permits:

Municipal Clerk	\$ 94,824.82	
Planning, Soil Erosion, and Board of Adjustment	850.00	
Zoning Officer	7,085.00	

	\$ 102,759.82
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TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(continued)

Analysis of Nonbudget Revenue:

Treasurer:

SECTV Franchise Fee	\$ 14,537.00	
F.E.M.A. Reimbursement	11,492.30	
Administrative Fee - Veterans and Senior Citizens	780.00	
Other Miscellaneous	<u>27,706.20</u>	
		\$ 54,515.50

Statutory Excess in Animal Control Trust Fund		6,116.13
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Tax Collector:

Miscellaneous Revenue		1,436.09
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Collection of Prior Year Grants Receivable:

Municipal Alliance - 2013		93.30
Municipal Alliance - 2014		<u>5,768.55</u>
		<u>67,929.57</u>

Less: Refunded

		<u>(1,283.57)</u>
		<u><u>\$ 66,646.00</u></u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries & Wages	\$ 59,773.00	\$ 59,773.00	\$ 58,429.38	\$ 1,343.62
Other Expenses	11,425.00	12,515.00	12,108.39	406.61
Mayor & Council:				
Salaries & Wages	19,745.00	19,745.00	19,557.40	187.60
Other Expenses	5,995.00	5,995.00	3,874.76	2,120.24
Municipal Clerk:				
Salaries & Wages	63,903.00	63,903.00	63,903.00	
Other Expenses	15,305.00	15,305.00	10,545.65	4,759.35
Financial Administration:				
Salaries & Wages	52,949.00	52,949.00	52,687.22	261.78
Other Expenses	8,075.00	8,075.00	4,650.45	3,424.55
Annual Audit	28,200.00	28,200.00	27,700.00	500.00
Data Processing:				
Other Expenses	15,116.00	15,116.00	13,022.45	2,093.55
Tax Collector:				
Salaries & Wages	32,349.00	32,349.00	31,788.36	560.64
Other Expenses	3,170.00	3,170.00	2,966.55	203.45
Tax Assessment Administration:				
Salaries & Wages	28,270.00	28,270.00	28,270.00	
Other Expenses	13,425.00	13,425.00	6,881.61	6,543.39
Legal Services and Costs:				
Other Expenses	70,500.00	63,788.00	33,535.43	30,252.57



TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT (continued):				
Engineering Services and Costs:				
Other Expenses	\$ 17,000.00	\$ 17,000.00	\$ 7,336.00	\$ 9,664.00
Municipal Land Use Law (N.J.S.A. 40:55D-1):				
Planning Board:				
Salaries & Wages	6,073.00	6,073.00	6,073.00	
Other Expenses	8,150.00	8,150.00	2,579.11	5,570.89
Zoning Board of Adjustment:				
Salaries & Wages	6,073.00	6,073.00	6,073.00	
Other Expenses	8,245.00	8,245.00	2,060.19	6,184.81
Zoning Officer:				
Salaries & Wages	34,850.00	34,850.00	34,850.00	
Other Expenses	950.00	950.00	287.07	662.93
Insurance:				
Group Insurance Plans for Employees	244,565.00	241,092.00	227,165.62	13,926.38
General Liability Insurance	94,743.00	98,216.00	98,216.00	
Worker's Compensation	47,846.00	47,846.00	47,846.00	
Health Insurance Waiver	3,335.00	3,335.00	3,333.36	1.64
Unemployment Insurance	8,000.00	8,000.00	3,902.87	4,097.13
Other Insurance Premiums	1,000.00	1,000.00	500.00	500.00
CODE ENFORCEMENT AND ADMINISTRATION:				
Building Sub-Code Official:				
Salaries & Wages	31,669.00	31,669.00	30,436.63	1,232.37
Other Expenses	4,150.00	4,150.00	3,767.61	382.39

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
<b>PUBLIC SAFETY:</b>				
Contribution to First Aid Organizations	\$ 18,750.00	\$ 18,750.00	\$ 15,240.00	\$ 3,510.00
Police:				
Salaries & Wages	4,400.00	4,400.00	3,206.88	1,193.12
Other Expense	250.00	250.00	59.75	190.25
Aid to Volunteer Fire Companies	40,000.00	40,000.00	40,000.00	
Municipal Court:				
Other Expenses	38,760.00	38,760.00	38,760.00	
Fire Department:				
Other Expenses	30,700.00	37,412.00	24,260.68	13,151.32
Emergency Management Services:				
Salaries & Wages	1,758.00	1,758.00	1,691.28	66.72
Other Expenses	350.00	350.00	39.98	310.02
<b>STREETS AND ROADS:</b>				
Public Works Department:				
Salaries & Wages	279,541.00	279,541.00	257,996.18	21,544.82
Other Expenses	228,400.00	228,400.00	196,981.21	31,418.79
Recycle Program:				
Salaries & Wages	12,567.00	12,612.00	12,553.80	58.20
Solid Waste Collection:				
Salaries & Wages	29,694.00	29,649.00	13,444.38	16,204.62
Other Expenses	53,600.00	53,600.00	39,472.84	14,127.16
Landfill Testing	5,500.00	5,500.00	5,453.00	47.00

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
<b>STREETS AND ROADS:</b>				
Public Building and Grounds:				
Other Expenses	\$ 36,210.00	\$ 36,210.00	\$ 19,409.60	\$ 16,800.40
Vehicle Maintenance :				
Other Expenses	57,100.00	57,100.00	39,512.51	17,587.49
Gypsy Moth Control:				
Other Expenses	5,000.00	5,000.00		5,000.00
<b>HEALTH AND WELFARE:</b>				
Dog Regulation:				
Salaries & Wages (Animal Control Officer)	7,950.00	7,950.00	7,950.00	
Board of Health:				
PEOSHA- Hepatitis B Vaccinations	2,000.00	2,000.00	40.00	1,960.00
PEOSHA- Judgment	5,000.00	5,000.00	3,295.00	1,705.00
Environmental Health Services:				
Salaries & Wages	2,436.00	2,436.00	2,436.00	
Other Expenses	2,625.00	2,625.00	782.90	1,842.10
<b>RECREATION AND EDUCATION:</b>				
Parks and Playgrounds:				
Salaries & Wages	1,873.00	1,873.00	1,873.00	
Other Expenses	19,250.00	19,250.00	14,984.76	4,265.24
Celebration of Public Events:				
Other Expenses	1,000.00	1,000.00		1,000.00

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
UNCLASSIFIED:				
Municipal Services Act:				
Other Expenses	\$ 138,000.00	\$ 138,000.00	\$ 42,998.98	\$ 95,001.02
Utilities:				
Electricity	9,000.00	9,000.00	6,972.10	2,027.90
Telephone (excluding equipment acquisition)	11,600.00	11,600.00	11,429.66	170.34
Gas (natural or propane)	11,500.00	11,500.00	4,171.17	7,328.83
Fuel Oil	8,000.00	8,000.00	3,074.85	4,925.15
Gasoline	55,000.00	53,910.00	29,345.57	24,564.43
Total Operations including Contingent within "CAPS"	<u>2,062,663.00</u>	<u>2,062,663.00</u>	<u>1,681,783.19</u>	<u>380,879.81</u>
Detail:				
Salaries & Wages	675,873.00	675,873.00	633,219.51	42,653.49
Other Expenses	1,386,790.00	1,386,790.00	1,048,563.68	338,226.32
Deferred Charges and Statutory Expenditures -				
Municipal Within "CAPS":				
Public Employees Retirement System	45,868.00	45,868.00	45,868.00	
Social Security System (O.A.S.I.)	51,865.00	51,365.00	48,089.89	3,275.11
DCRP	1,300.00	1,800.00	1,721.53	78.47
Total Deferred Charges and Statutory Expenditures -				
Municipal Within "CAPS"	<u>99,033.00</u>	<u>99,033.00</u>	<u>95,679.42</u>	<u>3,353.58</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>2,161,696.00</u>	<u>2,161,696.00</u>	<u>1,777,462.61</u>	<u>384,233.39</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Total Operations Excluded "CAPS":				
Fire Department - Other Expenses (LOSAP)	\$ 64,000.00	\$ 64,000.00		\$ 64,000.00
Police and Fire Dispatch Services:				
Shared Service Agreements (Police/Fire)	12,000.00	12,000.00	\$ 12,000.00	
Public and Private Programs Offset by Revenues:				
Clean Communities Grant (N.J.S.A. 40A:4-87, +\$15,885.84)		15,885.84	15,885.84	
Reserve for Recycling Tonnage Grant	3,133.04	3,133.04	3,133.04	
Municipal Alliance on Alcoholism and Drug Abuse:				
State Share (N.J.S.A. 40A:4-87, +\$4,362.00)		4,362.00	4,362.00	
Total Operations Excluded from "CAPS"	<u>79,133.04</u>	<u>99,380.88</u>	<u>35,380.88</u>	<u>64,000.00</u>
Detail:				
Other Expenses	<u>79,133.04</u>	<u>99,380.88</u>	<u>35,380.88</u>	<u>64,000.00</u>
Capital Improvements - Excluded from "CAPS":				
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	
Reserve for Purchase of DPW Equipment	3,000.00	3,000.00	3,000.00	
Reserve for Purchase of Emergency Vehicle	3,000.00	3,000.00	3,000.00	
Reconstruction of Various Roads	<u>40,000.00</u>	<u>40,000.00</u>		<u>40,000.00</u>
Total Capital Improvements - Excluded from "CAPS"	<u>76,000.00</u>	<u>76,000.00</u>	<u>36,000.00</u>	<u>40,000.00</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Municipal Debt Service - Excluded from "CAPS":				
Payment of Bond Anticipation Notes and Capital Notes	\$ 230,000.00	\$ 230,000.00	\$ 230,000.00	
Interest on Notes	13,347.50	13,347.50	13,347.50	
Crandon Lakes Dam Loan - Principal and Interest	8,600.00	8,600.00	8,600.00	
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>	<b>251,947.50</b>	<b>251,947.50</b>	<b>251,947.50</b>	
Deferred Charges - Municipal - Excluded from "CAPS":				
Special Emergency Authorizations	45,000.00	45,000.00	45,000.00	
<b>Total Deferred Charges - Municipal - Excluded from "CAPS"</b>	<b>45,000.00</b>	<b>45,000.00</b>	<b>45,000.00</b>	
<b>Total General Appropriations - Excluded from "CAPS"</b>	<b>452,080.54</b>	<b>472,328.38</b>	<b>368,328.38</b>	<b>\$ 104,000.00</b>
Subtotal General Appropriations	2,613,776.54	2,634,024.38	2,145,790.99	488,233.39
Reserve for Uncollected Taxes	810,000.00	810,000.00	810,000.00	
<b>Total General Appropriations</b>	<b>\$ 3,423,776.54</b>	<b>\$ 3,444,024.38</b>	<b>\$ 2,955,790.99</b>	<b>\$ 488,233.39</b>

Ref.

A

TOWNSHIP OF STILLWATER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 3,423,776.54	
Added by N.J.S.A. 40A:4-53		<u>20,247.84</u>	
		<u>\$ 3,444,024.38</u>	
Reserve for Uncollected Taxes			\$ 810,000.00
Reserve for Encumbrances	A		43,377.12
Deferred Charges:			
Special Emergency Authorizations			45,000.00
Reserve for Recycling Tonnage Grant			3,133.04
Reserve for Clean Communities			15,885.84
Reserve for Municipal Alliance - State Share			4,362.00
Cash Disbursed			<u>2,046,476.97</u>
			2,968,234.97
Less: Appropriation Refunds			<u>12,443.98</u>
			<u>\$ 2,955,790.99</u>

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

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
TRUST FUNDS



TOWNSHIP OF STILLWATER  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31	
		2015	2014
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents			
Treasurer	B-4	\$ 15,982.73	\$ 19,597.05
Total Animal Control Trust Funds		<u>15,982.73</u>	<u>19,597.05</u>
Assessment Trust Fund:			
Assessment Receivable		183.47	183.47
Assessment Liens		7,812.43	7,812.43
Assessments and Liens Interest and Costs		1,069.73	1,069.73
Total Assessment Trust Fund		<u>9,065.63</u>	<u>9,065.63</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	746,754.22	734,801.47
Due Current Fund	A	3,734.40	
Total Other Trust Funds		<u>750,488.62</u>	<u>734,801.47</u>
<u>TOTAL ASSETS</u>		<u>\$ 775,536.98</u>	<u>\$ 763,464.15</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-6	\$ 9,866.60	\$ 9,921.00
Due Current Fund	A	6,116.13	9,674.85
Due State of New Jersey			1.20
Total Animal Control Trust Funds		<u>15,982.73</u>	<u>19,597.05</u>
Assessment Trust Fund:			
Reserve for Assessments and Liens Receivable		7,995.90	7,995.90
Reserve for Assessments and Liens Interest and Costs		1,069.73	1,069.73
Total Assessment Trust Fund		<u>9,065.63</u>	<u>9,065.63</u>

TOWNSHIP OF STILLWATER  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31	
	2015	2014
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Other Trust Funds:		
Reserve for:		
Driveway Bonds	\$ 48,867.46	\$ 48,867.46
Subdivision	21,616.13	24,532.06
Tax Sale Premiums	151,600.00	127,000.00
Landfill Escrow	8,063.56	8,059.53
Recycling	82,770.12	78,344.76
Recreation Commission	1,286.17	1,948.92
DNA Lifeprint	1,062.10	1,061.56
Council on Affordable Housing	36,971.41	31,687.54
Municipal Open Space	97,932.43	85,407.22
Snow Removal	209,552.09	237,000.00
Accumulated Sick	64,034.86	64,173.49
Performance Bonds	26,732.29	26,718.93
Total Other Trust Funds	<u>750,488.62</u>	<u>734,801.47</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 775,536.98</u>	<u>\$ 763,464.15</u>

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

TOWNSHIP OF STILLWATER  
ASSESSMENT TRUST FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF STILLWATER  
ASSESSMENT TRUST FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

ASSESSMENT TRUST FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

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

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
GENERAL CAPITAL FUND

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2015	2014
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 946,311.88	\$ 1,343,509.66
Due Current Fund	A	21,204.00	26,458.22
New Jersey Department of Transportation Grant Receivable			45,000.00
Deferred Charges to Future Taxation:			
Unfunded	C-4	1,813,000.00	1,405,000.00
<u>TOTAL ASSETS</u>		<u>\$ 2,780,515.88</u>	<u>\$ 2,819,967.88</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 1,528,000.00	\$ 1,405,000.00
Improvement Authorizations:			
Funded	C-5	284,966.14	170,666.96
Unfunded	C-5	329,524.37	124,792.45
Contracts Payable		93,199.74	612,768.97
Capital Improvement Fund	C-6	6,128.30	60,099.23
Reserve for Purchase of Emergency Vehicle		7,622.30	120,850.00
Reserve for DPW Equipment		6,000.00	3,000.00
Reserve for Road Reconstruction		16,423.69	
Reserve for Vegetative Mitigation		162,000.00	
Reserve for PSE&G Susquehanna Roseland Project		242,768.00	242,768.00
Reserve for PEOSHA Gear		7,435.00	21,204.00
Reserve for Courthouse Improvements		21,900.00	21,900.00
Reserve for Housing Rehabilitation Fund		2,477.83	100.28
Reserve to Pay Debt Service		35,252.52	
Fund Balance	C-1	36,817.99	36,817.99
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,780,515.88</u>	<u>\$ 2,819,967.88</u>

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

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 36,817.99
Balance December 31, 2015		<u>\$ 36,817.99</u>

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

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
WATER OPERATING FUND

NOT APPLICABLE



TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
GENERAL FIXED ASSETS ACCOUNT GROUP

(UNAUDITED)

TOWNSHIP OF STILLWATER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Unaudited)

	December 31,	
	2015	2014
<u>ASSETS</u>		
Land	\$ 2,755,615.00	\$ 2,755,615.00
Buildings and Improvements	610,675.00	610,675.00
Equipment	3,308,423.65	2,966,059.30
<u>TOTAL ASSETS</u>	<u>\$ 6,674,713.65</u>	<u>\$ 6,332,349.30</u>
<u>LIABILITIES AND RESERVES</u>		
Reserve for Fixed Assets	\$ 6,674,713.65	\$ 6,332,349.30
<u>TOTAL LIABILITIES AND RESERVES</u>	<u>\$ 6,674,713.65</u>	<u>\$ 6,332,349.30</u>

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

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Township of Stillwater include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Stillwater, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Stillwater do not include the operations of the volunteer fire and rescue squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources, and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Township of Stillwater conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Stillwater accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - Receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group (Unaudited) – These accounts were established with estimated values of land, buildings and certain fixed assets of the Township as discussed in Note 1E.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow:

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is received and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations generally based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under generally accepted accounting principles, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when received; inventories would not be reflected as expenditures at the time of purchase and the Township's net pension liability and related deferred inflows and outflows would be recorded.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

The cash basis of accounting is followed in the Trust and Capital Funds.

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by loans or by capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements 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.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.



TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

General Fixed Assets (Unaudited) - In accordance with accounting requirements prescribed by the New Jersey Administrative Code, as promulgated by the Division of Local Government Services, the Township has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost, except for land which is recorded at assessed value, and buildings, which are recorded at replacement value in the year in which they were originally recorded. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund and General Capital Fund. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

F. Budget/Budgetary Control

Annual appropriated budgets are usually prepared in the first quarter for the Current operating, and Open Space Trust funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

Summary of Municipal Debt

The Local Bond Law governs the issuance of bond to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

	December 31,		
	2015	2014	2013
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 1,528,000.00	\$ 1,405,000.00	\$ 1,401,900.00
	<u>1,528,000.00</u>	<u>1,405,000.00</u>	<u>1,401,900.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	285,000.00		39,510.00
	<u>285,000.00</u>	<u>39,510.00</u>	<u>378,170.00</u>
Less:			
Reserve to Pay Debt Service	<u>35,252.52</u>		
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 1,777,747.48</u>	<u>\$ 1,405,000.00</u>	<u>\$ 1,441,410.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .396%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 317,952.04	\$ 317,952.04	
General Debt	<u>1,813,000.00</u>	<u>35,252.52</u>	<u>\$ 1,777,747.48</u>
	<u>\$ 2,130,952.04</u>	<u>\$ 353,204.56</u>	<u>\$ 1,777,747.48</u>

Net Debt: \$1,777,747.48 divided by Average Equalized Valuations of \$448,484,136.33 of Real Property = .396%.

Borrowing Power Under N.J.S.40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 15,696,944.77
Net Debt	<u>1,777,747.48</u>
Remaining Borrowing Power	<u>\$ 13,919,197.29</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2013	Additions	Retirements	Balance 12/31/2014
Bond Anticipation Notes:				
General Capital Fund	\$ 1,401,900.00	\$ 1,405,000.00	\$ 1,401,900.00	\$ 1,405,000.00
	<u>\$ 1,401,900.00</u>	<u>\$ 1,405,000.00</u>	<u>\$ 1,401,900.00</u>	<u>\$ 1,405,000.00</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2014	Additions	Retirements	Balance 12/31/2015
Bond Anticipation Notes:				
General Capital Fund	\$ 1,405,000.00	\$ 1,528,000.00	\$ 1,405,000.00	\$ 1,528,000.00
	<u>\$ 1,405,000.00</u>	<u>\$ 1,528,000.00</u>	<u>\$ 1,405,000.00</u>	<u>\$ 1,528,000.00</u>

The Township's debt issued and outstanding on December 31, 2015 is described as follows:

General Capital - Bond Anticipation Notes Payable

	Final Maturity	Rate	Amount
Total Debt Issued and Outstanding	9/23/2016	0.76%	<u>\$ 1,528,000.00</u>

Net Pension Liability

The State of New Employees' Retirement System's (PERS) net pension liability was calculated to be \$1,320,406 at June 30, 2015.

Note 3: Fund Balances Appropriated

The amount of fund balance at December 31, 2015, which is included in the adopted Current Fund budget for the year ending December 31, 2016 is \$1,320,406.

Note 4: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township of Stillwater has not elected to defer school taxes.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 5: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. As of December 31, 2015 the following deferred charge is required to be raised in succeeding years as follows:

<u>Current Fund</u>	<u>Balance at Dec. 31, 2015</u>	<u>To be Raised in 2016 Budget</u>	<u>Balance to Succeeding Years Budgets</u>
Special Emergency Authorization	\$ 90,000.00	\$ 45,000.00	\$ 45,000.00

The appropriation in the 2016 budget is not less than that required by statute.

Note 6: Pension Plans

Township employees participate in a defined benefit public employee retirement system: the State of New Jersey Public Employee’s Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at: [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PERS amounted to \$45,868 for 2015.

The employee contribution rate was 6.92% effective July 1, 2014 and increased to 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2015, the Township's liability was \$1,320,406 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the Township's proportion was 0.006%, which was an increase of 0.000% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Township recognized actual pension expense in the amount of \$45,868.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

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

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) 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. The long-term expected rate of return was determined using a building block 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 PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 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 upon the average of the last five years of contributions made in relation to the last five years of 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Township's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the Township'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:

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 6: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Township's proportionate share of the Net Pension Liability	\$ 1,641,103	\$ 1,320,406	\$ 1,051,536

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Township recognized pension expense of \$1,721.53 for the year ended December 31, 2015. Employee contributions to DCRP amounted to \$3,465.01 for the year ended December 31, 2015.



TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 7: Accrued Sick and Vacation Benefits

The Township permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$85,000 at December 31, 2015. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used. This amount has been partially funded in the Reserve for Accumulated Sick of \$64,034.86 on the Trust Fund balance sheet at December 31, 2015.

Note 8: Deferred Compensation

The Township offers its employees a choice of deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under these plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plans are administered by the Nationwide.

Note 9: Selected Tax Information

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

	<u>2015</u>	<u>2014*</u>	<u>2013</u>
<u>Tax Rate</u>	\$ 2.936	\$ 2.916	\$ 4.755
<u>Apportionment of Tax Rate</u>			
Municipal	0.495	0.513	0.865
County	0.572	0.563	0.935
Local School	0.996	0.985	1.582
Regional School	0.873	0.855	1.373
<u>Assessed Valuations</u>			
2015	<u>\$ 404,507,556.00</u>		
2014 *		<u>\$ 405,678,306.00</u>	
2013			<u>\$ 249,130,982.00</u>

\*Revaluation in effect.

The study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 9: Selected Tax Information (Cont'd)

Comparison of Tax Levies and Collections Currently

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2015	\$ 11,997,732.02	\$ 11,591,586.90	96.61%
2014	11,946,223.86	11,601,913.60	97.12%
2013	11,975,876.81	11,585,530.46	96.74%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 10: Cash and Cash Equivalents

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

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

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

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

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
 (Continued)

Note 10: Cash and Cash Equivalents (Cont'd)

In addition to the above collateral requirement, if 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, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

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

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 10: Cash and Cash Equivalents (Cont'd)

As of December 31, 2015, cash and cash equivalents of the Township of Stillwater consisted of the following:

<u>Fund</u>	<u>Change Funds</u>	<u>Checking Accounts</u>	<u>Total</u>
Current Fund	\$ 275.00	\$ 3,874,636.75	\$ 3,874,911.75
Animal Control Trust Fund		15,982.73	15,982.73
Other Trust Fund		746,754.22	746,754.22
General Capital Fund		946,311.88	946,311.88
	<u>\$ 275.00</u>	<u>\$ 5,583,685.58</u>	<u>\$ 5,583,960.58</u>

During the period ended December 31, 2015, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2015, was \$5,583,960.58 and the bank balance was \$5,537,979.13.

Note 11: Post-Retirement Medical Benefits

In addition to the pension benefits described in Note 6, the Township provides other post-retirement benefits to certain Township employees after retirement, substantially similar in nature to the health benefits provided to employees presently working.

The Township contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

In accordance with the Township's resolution, Township employees are entitled to the following benefits:

Municipal Employees

Upon retirement, employees with twenty-five (25) years of full-time service with the Township will receive full benefits. The coverage applies to the employee and their dependents. In the event of an employee's death, coverage ceases.

Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 11: Post-Retirement Medical Benefits (Cont'd)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to:

State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township's portion of post-retirement benefits is funded on a pay-as-you go basis from the Current Fund operating budget. During 2015 and 2014, the Township had 8 employees who met eligibility requirements and recognized expenses of approximately \$144,035.08 and \$150,774.24 respectively.

Note 12: Risk Management

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

Property, Liability and Workers' Compensation

The Township is currently a member of the Statewide Insurance Fund (the "Fund"). The Fund provides its members with Auto, Liability, Property Insurance, Workers' Compensation and Employee Liability Insurance. The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of governmental entities established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 12: Risk Management (Cont'd)

The December 31, 2015 audit report of the Fund is not filed as of the date of this report. Selected, summarized financial information for the Fund as of December 31, 2014 is as follows:

	Statewide Insurance Fund
Total Assets	\$ 37,339,955
Net Position	\$ 5,177,252
Total Revenue	\$ 25,202,318
Total Expenses	\$ 27,035,844
Change in Net Position	\$ (1,833,526)
Members Dividends	\$ -0-

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

Statewide Insurance Fund  
26 Columbia Turnpike  
P.O. Box 678  
Florham Park, NJ 07932-0678  
(973) 549-1900

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Township is required to remit employee withholdings to the State on a quarterly basis. All of the Township's claims are paid by the State.

Note 13: Interfund Receivables and Payables

The following interfund balances remain on the balance sheet at December 31, 2015:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 6,116.13	\$ 24,938.40
Animal Control Trust Fund		6,116.13
Other Trust Funds	3,734.40	
General Capital Fund	21,204.00	
	\$ 31,054.53	\$ 31,054.53

The interfund between the Current Fund and the Animal Control Trust Fund represents the Statutory Excess in the Reserve for Animal Control Expenditures. The interfund between General Capital Fund and Current Fund represents the transfer of capital appropriation reserves from Current Fund net of expenditure paid on behalf of the General Capital Fund. The interfund payable from Current Fund to Other Trust Funds is for expenditures paid on behalf of the Current Fund and prior year interfund activity.

TOWNSHIP OF STILLWATER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015  
(Continued)

Note 14: Economic Dependency

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

Note 15: Open Space Trust Fund

The Township of Stillwater created an Open Space Trust Fund with a tax levy of \$.02 per \$100 of assessed valuation in 1999. The funds collected are used to acquire and maintain open space property in the Township. The balances of the Open Space Trust Fund at December 31, 2015 and 2014 were \$97,932.43 and \$85,407.22, respectively.

Note 16: Contingent Liabilities

The Township is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Various tax appeals on assessed valuations have been filed against the Township and are awaiting tax court decisions. The ultimate outcome and effect of such appeals have not been determined; however, the Tax Assessor will aggressively defend the Township's assessments. The Township has established a reserve, which it feels is sufficient, for this contingency in the amount of \$100,000.00.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

TOWNSHIP OF STILLWATER

SUPPLEMENTARY DATA



TOWNSHIP OF STILLWATER  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2015

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
George Scott	Mayor		
Timmy Fisher	Deputy Mayor		
Lisa Chammings	Committee Member		
Charles Gross	Committee Member		
Anita Straway	Committee Member (until 9/2015)		
William Morrison	Committee Member (from 10/2015)		
Dana J. Mooney	Chief Financial Officer	(A)	*
Gisela Boltzer	Tax Collector	(A)	*
Penny Holenstein	Tax Assessor	(A)	*
Lynda Knott	Acting Township Clerk	(A)	*
Richard Stein, Esq.	Attorney		

All bonds were examined and were properly executed.

\* There is Public Employees Blanket Crime Coverage for \$1,000,000 covering all municipal employees, including statutory positions with the Statewide Insurance Fund.

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
CURRENT FUND

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 3,562,774.95
Increased by Receipts:		
Tax Collector		\$ 12,046,536.78
Revenue Accounts Receivable		540,864.62
Petty Cash		200.00
Miscellaneous Revenue Not Anticipated		54,515.50
Due State of New Jersey:		
Marriage License Fees		525.00
DCA Training Fees		4,606.00
Veterans and Senior Citizens' Deductions		39,000.00
Due Animal Control Trust Fund		9,674.85
Due Other Trust Funds		8,640.69
Due General Capital Fund		745.78
Reserve for Sale of Municipal Assets		700.00
Appropriation Reserve Refunds		1,150.00
Appropriation Refunds		12,443.98
		12,719,603.20
		16,282,378.15
Decreased by Disbursements:		
2015 Appropriation Expenditures		2,046,476.97
2014 Appropriation Reserves		217,485.16
Petty Cash		200.00
Regional School Taxes		3,532,444.00
Local School Taxes		4,030,426.00
County Taxes		2,309,271.64
Tax Overpayments Refunded		1,509.84
Due State of New Jersey:		
Marriage License Fees		525.00
DCA Training Fees		4,619.00
Redemption of Outside Liens		73,407.50
Due to Stillwater Water District		109,806.60
Due Other Trust Funds:		
Open Space Tax Levy		12,470.00
Interfunds Returned		34,218.45
Due Payroll Agency Account		329.66
Due General Capital Fund		6,000.00
Appropriated Grant Reserves:		
Recycling Tonnage Grant		3,133.04
Clean Communities		15,885.84
Sustainable Jersey Small Grant		3,887.13
Municipal Alliance - State Share		4,362.00
Refund of Miscellaneous Revenue		1,283.57
		\$ 12,407,741.40
Balance December 31, 2015	A	\$ 3,874,636.75

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2015

Increased by Receipts:

Taxes Receivable	\$ 11,754,329.61	
Interest and Costs on Taxes	99,295.20	
2016 Prepaid Taxes	64,916.02	
Tax Overpayments	1,509.84	
Tax Title Liens	22,342.52	
Outside Liens	73,407.50	
Tax Sale Premiums - Due Other Trust Funds	29,300.00	
Miscellaneous Revenue Not Anticipated	<u>1,436.09</u>	
		\$ 12,046,536.78

Decreased by:

Disbursed to Municipal Treasurer		<u>12,046,536.78</u>
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TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE



TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2014	A		\$ 288,613.42
Increased by:			
Transfer from Taxes Receivable		\$ 60,566.26	
Interest and Costs on Tax Sale		<u>1,553.04</u>	
			<u>62,119.30</u>
			350,732.72
Decreased by:			
Redeemed			<u>22,342.52</u>
Balance December 31, 2015	A		<u><u>\$ 328,390.20</u></u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued In</u> <u>2015</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clerk:				
Alcoholic Beverage Licenses		\$ 1,680.00	\$ 1,680.00	
Fees and Permits		94,824.82	94,824.82	
Municipal Court:				
Fines and Costs		4,708.28	4,708.28	
Uniform Construction Code Fees:				
Fees and Permits		65,502.00	65,502.00	
Planning Board, Soil Erosion, & Board of Adjustment:				
Fees and Permits		850.00	850.00	
Zoning Board:				
Fees and Permits		7,085.00	7,085.00	
Interest on Investments		2,463.83	2,463.83	
Consolidated Municipal Property Tax Relief Program		1,831.00	1,831.00	
Energy Receipts Tax		275,900.00	275,900.00	
Clean Communities Grant -2015		15,885.84	15,885.84	
Municipal Alliance - 2013	\$ 93.30		93.30	
Municipal Alliance - 2014	6,543.00		5,768.55	\$ 774.45
Municipal Alliance - 2015		4,362.00		4,362.00
Sustainable Jersey Small Grant	5,000.00			5,000.00
Garden State Preservation Trust Fund		64,272.00	64,272.00	
	<u>\$ 11,636.30</u>	<u>\$ 539,364.77</u>	<u>\$ 540,864.62</u>	<u>\$ 10,136.45</u>

Ref.

A

A

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF CONSUMERS ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE



TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2014	Balance After Modification	Paid or Charged	Balance Lapsed
<b>GENERAL GOVERNMENT:</b>				
General Administration:				
Salaries & Wages	\$ 742.46	\$ 742.46		\$ 742.46
Other Expenses	988.68	988.68	\$ 117.90	870.78
Mayor & Council:				
Other Expenses	2,710.56	2,710.56	192.98	2,517.58
Municipal Clerk:				
Salaries & Wages	13,490.40	13,490.40		13,490.40
Other Expenses	4,855.55	4,855.55	36.13	4,819.42
Financial Administration:				
Other Expenses	804.12	804.12	608.40	195.72
Annual Audit	300.00	300.00		300.00
Data Processing:				
Other Expenses	834.40	834.40	366.21	468.19
Tax Collector:				
Salaries & Wages	36.70	36.70		36.70
Other Expenses	1,388.95	1,388.95	1,028.60	360.35
Tax Assessment Administration:				
Other Expenses	12,393.41	12,393.41	5,393.77	6,999.64
Legal Services and Costs:				
Other Expenses	53,819.12	53,819.12	3,027.60	50,791.52
Engineering Services and Costs:				
Other Expenses	12,905.00	12,905.00	1,843.75	11,061.25
Municipal Land Use Law:				
Planning Board:				
Other Expenses	5,169.06	5,169.06	285.18	4,883.88
Zoning Board of Adjustment (Zoning Officer):				
Other Expenses	7,241.71	7,241.71	232.90	7,008.81
Zoning Officer:				
Other Expenses	551.95	551.95		551.95
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>				
Building Sub-Code Official:				
Salaries & Wages	5,974.46	5,974.46	220.00	5,754.46
Other Expenses	2,707.04	2,707.04	1,317.92	1,389.12
Fire Prevention Sub Code Official:				
Other Expenses	684.45	684.45		684.45
<b>PUBLIC SAFETY:</b>				
Emergency Management Services:				
Salaries & Wages	397.50	397.50		397.50
Other Expenses	350.00	350.00		350.00
Police:				
Salaries & Wages	168.62	168.62		168.62
Other Expenses	250.00	250.00		250.00

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	Balance Dec. 31, 2013	Balance After Modification	Paid or Charged	Balance Lapsed
<b>PUBLIC SAFETY:</b>				
Contribution to First Aid Organizations	\$ 4,895.00	\$ 4,895.00		\$ 4,895.00
PEOSHA:				
Fire Department:				
Other Expenses	9,875.21	9,875.21	\$ 7,700.00	2,175.21
<b>STREETS AND ROADS:</b>				
Public Works Department:				
Salaries & Wages	24,430.35	24,430.35		24,430.35
Other Expenses	105,715.79	105,715.79	21,851.82	83,863.97
Recycle Program:				
Salaries & Wages	1,494.00	1,494.00		1,494.00
Solid Waste Collection:				
Salaries & Wages	2,796.99	2,796.99		2,796.99
Other Expenses:	15,303.56	15,303.56	5,499.50	9,804.06
Landfill Testing	148.00	148.00		148.00
Public Building and Grounds:				
Other Expenses	15,145.47	15,145.47	3,644.89	11,500.58
Vehicle Maintenance (Including Police Vehicles):				
Other Expenses	21,240.23	21,240.23	4,788.20	16,452.03
Gypsy Moth Control:				
Other Expenses	5,000.00	5,000.00		5,000.00
<b>HEALTH AND WELFARE:</b>				
Board of Health:				
Other Expenses:				
PEOSHA- Hepatitis B Vaccinations	960.00	960.00		960.00
PEOSHA- Judgement	5,000.00	5,000.00	3,012.00	1,988.00
Environmental Health Services:				
Other Expenses	2,461.11	2,461.11		2,461.11
<b>RECREATION AND EDUCATION:</b>				
Parks and Playground:				
Salaries & Wages	309.00	309.00		309.00
Other Expenses	9,799.90	9,799.90	7,793.58	2,006.32
Celebration of Public Events:				
Other Expenses	1,000.00	1,000.00		1,000.00
<b>UNCLASSIFIED:</b>				
Municipal Services Act:				
Other Expenses	62,158.89	62,158.89	62,158.89	
Utilities:				
Electricity	3,518.17	3,518.17	1,139.09	2,379.08
Telephone (excluding equipment acquisition)	761.71	761.71	761.71	
Gas (natural or propane)	5,590.71	5,590.71	894.43	4,696.28

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF 2014 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2015

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UNCLASSIFIED:				
Utilities:				
Fuel Oil	\$ 5,336.54	\$ 5,336.54	\$ 1,085.35	\$ 4,251.19
Gasoline	14,786.10	14,786.10	2,873.04	11,913.06
Contributions to:				
Public Employees' Retirement System	4,631.00	4,631.00		4,631.00
Social Security System (O.A.S.I.)	4,095.13	4,095.13	109.26	3,985.87
Insurance:				
Group Insurance Plans for Employees	22,289.34	22,289.34		22,289.34
General Liability Insurance	700.00	700.00	584.00	116.00
Unemployment Insurance	4,720.53	4,720.53		4,720.53
Other Insurance Premiums	500.00	500.00		500.00
Fire Department- Excluded from "CAPS"				
Other Expenses (LOSAP)	63,000.00	63,000.00	55,344.37	7,655.63
State and Federal Programs Offset by Revenues:				
Clean Communities	6,440.76	6,440.76	6,440.76	
Sustainable Jersey Small Grant	7,833.48	7,833.48	7,833.48	
Municipal Alliance on Alcoholism and Drug Abuse:				
State Share	3,282.31	3,282.31	3,282.31	
Local Share	1,635.00	1,635.00		1,635.00
Capital Improvements - Excluded from "CAPS"				
Reserve for Purchase of DPW Equipment	3,000.00	3,000.00	3,000.00	
Reserve for Purchase of Emergency Vehicle	3,000.00	3,000.00	3,000.00	
Reconstruction of Various Roads	16,423.69	16,423.69	16,423.69	
	<u>\$ 588,042.11</u>	<u>\$ 588,042.11</u>	<u>\$ 233,891.71</u>	<u>\$ 354,150.40</u>

Ref.

Analysis of Balance 12/31/2014

Unencumbered	A	\$ 522,946.47
Encumbered	A	65,095.64
		<u>\$ 588,042.11</u>

Cash Disbursed	\$ 217,485.16
Transferred to Appropriated Grant Reserve:	
Clean Communities	6,440.76
Sustainable Jersey Small Grant	7,833.48
Municipal Alliance on Alcoholism and Drug Abuse:	
State Share	3,282.31
	<u>235,041.71</u>
Appropriation Reserve Refunds	1,150.00
	<u>\$ 233,891.71</u>

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Increased by:

Levy - Calendar Year 2015 \$ 4,030,426.00

Decreased by:

Payments to Local School District \$ 4,030,426.00

TOWNSHIP OF STILLWATER  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2015

Increased by:

Levy - Calendar Year 2015

\$ 3,532,444.00

Decreased by:

Payments to Regional School District

\$ 3,532,444.00

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
TRUST FUNDS

TOWNSHIP OF STILLWATER  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2014	B	\$ 19,597.05	\$ 734,801.47
Increased by Receipts:			
Township Dog License Fees		\$ 4,753.20	
Penalties on Dog License Fees		3,502.00	
State Dog License Fees		1,033.80	
Due Current Fund:			
Interest on Deposits		12.99	\$ 180.83
Interfund Advanced			4,918.45
Green Acres Trust Fund - Due to Nature Conservancy			174,773.25
Subdivision			8,518.00
Tax Sale Premiums			29,300.00
Landfill Escrow			4.03
Recycling			9,152.12
Recreation Commission			3,491.25
DNA Lifeprint			0.54
Council on Affordable Housing			5,283.87
Municipal Open Space:			
Open Space Levy			12,470.00
Interest on Deposits			43.05
Performance Bonds			13.36
		9,301.99	248,148.75
		28,899.04	982,950.22

TOWNSHIP OF STILLWATER  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

	Animal Control Fund	Other Trust Funds
Decreased by Disbursements:		
Administrative Expenses	\$ 2,193.47	
Due to State of New Jersey	1,035.00	
Due Current Fund:		
Interfund Returned	9,687.84	\$ 8,821.52
Green Acres Trust Fund - Due to Nature Conservancy		174,773.25
Subdivision		11,433.93
Tax Sale Premiums		4,700.00
Accumulated Sick		138.63
Snow Removal		27,447.91
Recycling		4,726.76
Recreation Commission		4,154.00
	<u>\$ 12,916.31</u>	<u>\$ 236,196.00</u>
Balance December 31, 2015	B <u><u>\$ 15,982.73</u></u>	<u><u>\$ 746,754.22</u></u>



TOWNSHIP OF STILLWATER  
ASSESSMENT TRUST FUND  
ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 9,921.00
Increased by:		
Dog License Fees:		
Collected in Current Year		\$ 4,753.20
Penalties on Dog License Fees		3,502.00
		8,255.20
		18,176.20
Decreased by:		
Expenditures Under R.S. 4:19-15.11		2,193.47
Statutory Excess Due to Current Fund		6,116.13
		8,309.60
Balance December 31, 2015	B	\$ 9,866.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2013	\$ 4,923.00
2014	4,943.60
	9,866.60
Maximum Allowable Reserve	\$ 9,866.60

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
GENERAL CAPITAL FUND

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 1,343,509.66
Increased by:		
2015 Budget Appropriations:		
Capital Improvement Fund		\$ 30,000.00
Deferred Charges to Future Taxation Unfunded		230,000.00
Bond Anticipation Notes		1,528,000.00
New Jersey Department of Transportation Grant		45,000.00
Reserve for Emergency Vehicle		3,000.00
Reserve for DPW Equipment		3,000.00
Reserve for Infrastructure - PSE&G		162,000.00
Reserve for Road Reconstruction		16,423.69
Reserve for Housing Rehabilitation Fund		2,377.55
Due Current Fund:		
Interfund Returned		6,000.00
Interest Earned		417.32
		2,026,218.56
		3,369,728.22
Decreased by:		
Improvement Authorization Expenditures		433,482.48
Contracts Payable		583,770.76
Bond Anticipation Notes		1,405,000.00
Due Current Fund		1,163.10
		2,423,416.34
Balance December 31, 2015	C	\$ 946,311.88

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2014	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2015
		Budget Appropriation	Bond	Miscellaneous	Improvement Authorizations	Bond	Miscellaneous	From	To	
			Anticipation Notes			Anticipation Notes				
Capital Improvement Fund	\$ 60,099.23	\$ 30,000.00						\$ 87,450.00	\$ 3,479.07	\$ 6,128.30
Due to/from Current Fund	(26,458.22)			\$ 6,417.32			\$ 1,163.10			(21,204.00)
New Jersey Department of Transportation Grant	(45,000.00)			45,000.00						
Contracts Payable	612,768.97							28,848.21	93,049.74	93,199.74
Reserve:										
To Pay Debt Service									35,252.52	35,252.52
Purchase of Emergency Vehicle	120,850.00		3,000.00					120,750.00	4,522.30	7,622.30
DPW Equipment	3,000.00		3,000.00							6,000.00
Reserve for PEOSHA Gear	21,204.00							13,769.00		7,435.00
Road Reconstruction				16,423.69						16,423.69
Housing Rehabilitation Fund	100.28			2,377.55						2,477.83
PSE&G Vegetative Mitigation				162,000.00						162,000.00
PSE&G Susquehanna Roseland Project	242,768.00									242,768.00
Courthouse Improvements	21,900.00									21,900.00
Fund Balance	36,817.99									36,817.99
Ord. Number	Improvement Description									
93-17/00-04	Rehabilitation of Low Income Housing	30,262.11								30,262.11
96-03/02-02	Development of Property	5,105.81								5,105.81
03-11	COAH Rehabilitation Project	18,367.61								18,367.61
05-14	Dump Truck	30,000.00				\$ 30,000.00				
06-12	Mt Benevolence Road - Phase I	52,000.00	\$ 53,000.00			105,000.00				
06-16	Purchase of Ambulance	2,500.00	2,500.00			5,000.00				
06-17	Pond Brook Park	16,303.08								16,303.08
07-12	Mt Benevolence Road - Phase II	37,000.00	74,000.00			111,000.00				
07-21	Police Computer	0.01						0.01		
08-02	Mill Brook Road	15,000.00	45,800.00			60,800.00				
09-10	Purchase of Two Dump Trucks	18,000.00	75,900.00			93,900.00				
10-02	Reconstruction of Balwin Gate Bridge	10,000.00	50,700.00			60,700.00				
11-04	Middleville Road Phase I	10,000.00	110,000.00			120,000.00				
11-10	PEOSHA Gear and Fire Truck Pump	3,235.24	9,000.00	75,600.00	\$ 3,235.24	84,600.00		28,548.21	28,548.21	
12-02	Renovations to Municipal Building								300.00	300.00
12-04	Various Capital Improvements	6,520.55	18,500.00	267,500.00		286,000.00		6,520.55		
13-05	Renovations to Municipal Building	7,457.42	14,000.00	211,000.00	520.00	225,000.00		4,440.00		2,497.42
13-06	Purchase of Pickup Truck	194.76						194.76		
13-09	Purchase of Emergency Ambulance	4,522.30						4,522.30		
14-08	Various Capital Improvements	107,579.24			72,031.80			19,004.00		16,543.44
14-09	Purchase of Two Dump Trucks	2,587.70			2,403.94			183.76		
14-10	Various Capital Improvements	78,323.58			639.96			6,688.90		70,994.72
14-18	Middleville Road Phase II	15,000.00	14,000.00	209,000.00	12,555.00	223,000.00		2,445.00		
15-04	Various Equipment for Emergency Services				38,634.69			5,323.90	53,200.00	9,241.41
15-07	Various Capital Projects		353,000.00		289,244.25			58,272.24	20,000.00	25,483.51
15-13	Various Equipment for Emergency Services				13,769.00				13,769.00	
15-14	Purchase of Fire Truck				448.60			160.00	135,000.00	134,391.40
	<u>\$ 1,343,509.66</u>	<u>\$ 260,000.00</u>	<u>\$ 1,528,000.00</u>	<u>\$ 238,218.56</u>	<u>\$ 433,482.48</u>	<u>\$ 1,405,000.00</u>	<u>\$ 584,933.86</u>	<u>\$ 387,120.84</u>	<u>\$ 387,120.84</u>	<u>\$ 946,311.88</u>

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. Number	Improvement Description	Balance Dec. 31, 2014	Funded by Budget Appropriation	2015 Authorizations	Balance Dec. 31, 2015	Analysis of Balance December 31, 2015		
						Bond Anticipation Notes	Unexpended Improvement Authorizations	
05-11	Old Foundry Road	\$ 30,000.00	\$ 30,000.00					
06-16	Purchase of Ambulance	5,000.00	2,500.00		\$ 2,500.00	\$ 2,500.00		
06-12	Mt Benevolence Road - Phase I	105,000.00	52,000.00		53,000.00	53,000.00		
07-12	Mt Benevolence Road - Phase II	111,000.00	37,000.00		74,000.00	74,000.00		
08-02	Mill Brook Road	60,800.00	15,000.00		45,800.00	45,800.00		
09-10	Purchase of Two Dump Trucks	93,900.00	18,000.00		75,900.00	75,900.00		
10-02	Reconstruction of Balwin Gate Bridge	60,700.00	10,000.00		50,700.00	50,700.00		
11-04	Middleville Road - Phase I	120,000.00	10,000.00		110,000.00	110,000.00		
11-10	PEOSHA Gear and Fire Truck Pump	84,600.00	9,000.00		75,600.00	75,600.00		
12-04	Various Capital Improvements	286,000.00	18,500.00		267,500.00	267,500.00		
13-05	Renovations to Municipal Building	225,000.00	14,000.00		211,000.00	211,000.00		
14-08	Various Capital Improvements	223,000.00	14,000.00		209,000.00	209,000.00		
15-07	Various Capital Projects			\$ 353,000.00	353,000.00	353,000.00		
15-14	Purchase of Fire Truck			285,000.00	285,000.00		\$ 285,000.00	
		<u>\$ 1,405,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 638,000.00</u>	<u>\$ 1,813,000.00</u>	<u>\$ 1,528,000.00</u>	<u>\$ -0-</u>	<u>\$ 285,000.00</u>

Ref.

C

C

Improvement Authorizations Unfunded:	\$ 329,524.37
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ordinance 13-05 Renovations to Municipal Building	(2,497.42)
Ordinance 14-08 Various Capital Improvements	(16,543.44)
Ordinance 15-07 Renovations to Municipal Building	(25,483.51)
	<u>\$ 285,000.00</u>

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance December 31, 2014		2015 Authorizations		Paid or Charged	Contracts Payable Cancelled	Cancelled	Balance December 31, 2015	
		Date	Amount	Funded	Unfunded	Funded by Various Sources	Deferred Charges to Future Taxation- Unfunded				Funded	Unfunded
00-04	Rehabilitation of Local Income Housing	03/07/00	\$ 100,000.00	\$ 30,262.11							\$ 30,262.11	
02-02	Development of Property	05/21/02	150,000.00	5,105.81							5,105.81	
03-11	COAH Rehabilitation Project	07/01/03	100,000.00	18,367.61							18,367.61	
06-17	Pond Brook Park	08/15/06	36,548.00	16,303.08							16,303.08	
07-21	Police Computer	08/08/07	3,000.00	0.01						\$ 0.01		
11-04	Middleville Road Phase I	04/05/11	363,000.00						\$ 28,548.21	28,548.21		
11-10	PEOSHA Gear and Fire Truck Pump	06/14/11	105,000.00		\$ 3,235.24		\$ 3,235.24					
12-02	Renovations to Municipal Building	03/06/12	38,975.00						300.00		300.00	
12-04	Various Capital Improvements	06/19/12	322,000.00		6,520.55					6,520.55		
13-05	Renovations to Municipal Building	07/16/13	250,000.00		7,457.42			4,960.00				\$ 2,497.42
13-06	Purchase of Pickup Truck	07/16/13	33,650.00	194.76						194.76		
13-09	Purchase of Emergency Ambulance	07/16/13	160,000.00	4,522.30						4,522.30		
14-08	Various Capital Improvements	05/06/14	415,000.00		107,579.24		91,035.80					16,543.44
14-09	Purchase of Two Dump Trucks	05/06/14	221,766.00	2,587.70			2,403.94			183.76		
14-10	Various Capital Improvements	05/06/14	193,300.00	78,323.58			4,044.56			3,284.30	70,994.72	
14-18	Middleville Road Phase II	10/21/14	15,000.00	15,000.00			15,000.00					
15-04	Various Equipment for Emergency Services	05/19/15	53,200.00			\$ 53,200.00	43,958.59				9,241.41	
15-07	Various Capital Projects	07/07/15	373,000.00			20,000.00	\$ 353,000.00	347,516.49				25,483.51
15-13	Various Equipment for Emergency Services	06/16/15	13,769.00			13,769.00	13,769.00					
15-14	Purchase of Fire Truck	11/10/15	420,000.00			135,000.00	285,000.00	608.60			134,391.40	285,000.00
				<u>\$ 170,666.96</u>	<u>\$ 124,792.45</u>	<u>\$ 221,969.00</u>	<u>\$ 638,000.00</u>	<u>\$ 526,532.22</u>	<u>\$ 28,848.21</u>	<u>\$ 43,253.89</u>	<u>\$ 284,966.14</u>	<u>\$ 329,524.37</u>
		<u>Ref</u>	<u>C</u>	<u>C</u>								
		Capital Improvement Fund			\$ 87,450.00		Reserved to pay Debt Service		\$ 35,252.52			
		Reserve for Emergency Vehicle			120,750.00		Reserve for Emergency Vehicle		4,522.30			
		Reserve for PEOSHA Gear			13,769.00		Capital Improvement Fund		3,479.07			
					<u>\$ 221,969.00</u>				<u>\$ 43,253.89</u>			
							Cash Disbursed	\$ 433,482.48				
							Contracts Payable	93,049.74				
								<u>\$ 526,532.22</u>				

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 60,099.23
Increased by:		
Current Fund Budget Appropriation	\$ 30,000.00	
Cancellation of Fully Funded Improvement Authorizations	<u>3,479.07</u>	
		<u>33,479.07</u>
		93,578.30
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>87,450.00</u>
Balance December 31, 2015	C	<u>\$ 6,128.30</u>



TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE

Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
	Date of Issue	Amount	Issue	Maturity					
Old Foundry Road	10/06/05	\$ 270,000.00	09/25/14	09/25/15	0.95%	\$ 30,000.00		\$ 30,000.00	
Mill Brook Road	10/01/09	230,000.00	09/25/14	09/25/15	0.95%	111,000.00		111,000.00	
			09/24/15	09/23/16	0.76%		\$ 74,000.00		\$ 74,000.00
Purchase of Ambulance	03/11/09	16,000.00	09/25/14	09/25/15	0.95%	5,000.00		5,000.00	
			09/24/15	09/23/16	0.76%		2,500.00		2,500.00
Mt Benevolence Road - Phase I	03/11/09	144,000.00	09/25/14	09/25/15	0.95%	60,800.00		60,800.00	
			09/24/15	09/23/16	0.76%		45,800.00		45,800.00
Mt Benevolence Road - Phase II	03/11/09	279,000.00	09/25/14	09/25/15	0.95%	105,000.00		105,000.00	
			09/24/15	09/23/16	0.76%		53,000.00		53,000.00
Middleville Road - Phase I	10/18/11	155,000.00	09/25/14	09/25/15	0.95%	120,000.00		120,000.00	
			09/24/15	09/23/16	0.76%		110,000.00		110,000.00
Purchase of Two Dump Trucks	09/29/12	133,600.00	09/25/14	09/25/15	0.95%	93,900.00		93,900.00	
			09/24/15	09/23/16	0.76%		75,900.00		75,900.00
Reconstruction of Balwin Gate Bridge	09/29/12	80,000.00	09/25/14	09/25/15	0.95%	60,700.00		60,700.00	
			09/24/15	09/23/16	0.76%		50,700.00		50,700.00
POESHA Gear and Fire Truck Pump	09/29/12	100,000.00	09/25/14	09/25/15	0.95%	84,600.00		84,600.00	
			09/24/15	09/23/16	0.76%		75,600.00		75,600.00
Various Improvements	09/26/13	306,000.00	09/25/14	09/25/15	0.95%	286,000.00		286,000.00	
			09/24/15	09/23/16	0.76%		267,500.00		267,500.00

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE

Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec. 31, 2014	Issued	Matured	Balance Dec. 31, 2015
	Date of Issue	Amount	Issue	Maturity					
Municipal Building Improvements	09/26/13	\$ 238,000.00	09/25/14	09/25/15	0.95%	\$ 225,000.00	\$ 211,000.00	\$ 225,000.00	\$ 211,000.00
			09/24/15	09/23/16	0.76%				
Various Improvements	09/25/14	223,000.00	09/25/14	09/25/15	0.95%	223,000.00	209,000.00	223,000.00	209,000.00
			09/24/15	09/23/16	0.76%				
Various Improvements	09/24/15	353,000.00	09/24/15	09/23/16	0.76%		353,000.00		353,000.00
						<u>\$ 1,405,000.00</u>	<u>\$ 1,528,000.00</u>	<u>\$ 1,405,000.00</u>	<u>\$ 1,528,000.00</u>
						Ref. C			C
Renewed							\$ 1,175,000.00	\$ 1,175,000.00	
Issued for Cash							353,000.00		
Paid by Budget Appropriation								230,000.00	
						<u>\$ 1,528,000.00</u>	<u>\$ 1,405,000.00</u>		

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF GREEN ACRES TRUST LOAN  
YEAR ENDED DECEMBER 31, 2015

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Balance Dec. 31, 2015
05-11	Old Foundry Road			\$ 30,000.00		\$ 30,000.00	
06-16	Purchase of Ambulance			2,500.00	\$ 2,500.00	5,000.00	
06-12	Mt Benevolence Road - Phase I			52,000.00	53,000.00	105,000.00	
07-12	Mt Benevolence Road - Phase II			37,000.00	74,000.00	111,000.00	
08-02	Mill Brook Road			15,000.00	45,800.00	60,800.00	
09-10	Purchase of Two Dump Trucks			18,000.00	75,900.00	93,900.00	
10-02	Reconstruction of Balwin Gate Bridge			10,000.00	50,700.00	60,700.00	
11-04	Middleville Road - Phase I			10,000.00	110,000.00	120,000.00	
11-10	PEOSHA Gear and Fire Truck Pump			9,000.00	75,600.00	84,600.00	
12-04	Various Capital Improvements			18,500.00	267,500.00	286,000.00	
13-05	Renovations to Municipal Building			14,000.00	211,000.00	225,000.00	
14-08	Various Capital Improvements			14,000.00	209,000.00	223,000.00	
15-07	Various Capital Projects		\$ 353,000.00		353,000.00		
15-14	Purchase of Fire Truck		285,000.00				\$ 285,000.00
		<u>\$ -0-</u>	<u>\$ 638,000.00</u>	<u>\$ 230,000.00</u>	<u>\$ 1,528,000.00</u>	<u>\$ 1,405,000.00</u>	<u>\$ 285,000.00</u>

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
WATER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER  
COUNTY OF SUSSEX  
2015  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE



TOWNSHIP OF STILLWATER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF STILLWATER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Funding Department	CFDA #	Pass Through Entity ID	Project Name	Grant Period		Award Amount	Grant Receipts	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	20.205	6320-480-078 6320-ADA-TCAP-60102	Municipal Aid Program - Various Road Projects- Middleville Road Phase II	01/01/14	12/31/15	\$ 180,000.00	\$ 45,000.00	\$ 91,035.80	\$ 180,000.00	
Total Department of Transportation							<u>45,000.00</u>	<u>91,035.80</u>	<u>180,000.00</u>	
U.S. Department of Homeland Security: (Passed Through New Jersey Department of Law and Public Safety)	97.036	N/A	Disaster Grants - Public Assistance - FEMA: Hurricane Sandy	01/01/13	12/31/15	11,492.30	11,492.30	11,492.30 *	11,492.30 *	
Total Department of Homeland Security							<u>11,492.30</u>	<u>11,492.30</u>	<u>11,492.30</u>	
TOTAL FEDERAL AWARDS							<u>\$ 56,492.30</u>	<u>\$102,528.10</u>	<u>\$ 191,492.30</u>	<u>\$ -0-</u>

\* - Expended prior years.  
N/A - Not Available

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF STILLWATER  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

Name of State Agency or Department	State Program	State Account No.	Grant Award	Amount Received	Grant Period		Amount of Expenditures		
					From	To	Year to Date	Cumulative	
Department of Environmental Protection	Clean Communities Program	765-042-4900- 004-6020	\$ 12,920.00		01/01/11	12/31/15	\$ 3,832.13	\$ 12,920.00	
			12,115.00		01/01/12	12/31/15	5,377.94	12,115.00	
			13,925.37		01/01/13	12/31/16	6,675.77	12,654.40	
			13,062.23		01/01/14	12/31/16		6,621.47	
			15,885.84	\$ 15,885.84	01/01/15	12/31/16			
		<u>15,885.84</u>					<u>15,885.84</u>	<u>44,310.87</u>	
	Sustainable Jersey Small Grant - Paulinskill Watershed Project	N/A	10,000.00			01/01/14	12/31/16	3,887.13	6,053.65
								<u>3,887.13</u>	<u>6,053.65</u>
	Recycling Tonnage Grants	752-042-4900- 001-6020	3,133.04			01/01/14	12/31/15	3,133.04	3,133.04
								<u>3,133.04</u>	<u>3,133.04</u>
Green Acres Program	N/A	174,773.25	174,773.25		01/01/15	12/31/16	174,773.25 *	174,773.25	
				<u>174,773.25</u>			<u>174,773.25</u>	<u>174,773.25</u>	
Total Department of Environmental Protection				<u>190,659.09</u>			<u>197,679.26</u>	<u>228,270.81</u>	
Department of Treasury (Passed Through Sussex County)		200-475-	4,362.00	93.30	06/30/13	06/30/14		4,362.00	
Governor's Council of Alcoholism and Drug Abuse		665120-60	6,543.00	5,768.55	06/30/14	06/30/15		3,260.69	
	Municipal Alliance		4,362.00		06/30/15	06/30/16	4,362.00	4,362.00	
Total Department of Treasury				<u>5,861.85</u>			<u>4,362.00</u>	<u>11,984.69</u>	
Total State Awards				<u>\$ 196,520.94</u>			<u>\$ 202,041.26</u>	<u>\$ 240,255.50</u>	

\* - Stillwater Township is a pass through entity for this grant.

N/A - Not Available

TOWNSHIP OF STILLWATER  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2015

A. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) includes the federal and state grant activity of the Township of Stillwater under programs of the federal and state governments for the year ended December 31, 2015. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Township, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Township.

B. Summary of Significant Accounting Policies

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Township has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. Relationship to Federal and State Financial Reports

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



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable Mayor and Members  
 of the Township Committee  
 Township of Stillwater  
 Stillwater, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Township of Stillwater, in the County of Sussex (the "Township") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 3, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That qualified report also indicated that we did not audit the general fixed assets account group.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township'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 Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2015-1, that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Township Committee  
Township of Stillwater  
Stillwater, New Jersey

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township'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*.

### **The Township's Response to the Finding**

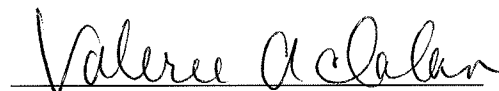
The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
May 3, 2016

NISIVOCCIA LLP



Valerie A. Dolan  
Registered Municipal Accountant No. 548  
Certified Public Accountant

TOWNSHIP OF STILLWATER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the Township's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as the general fixed assets account group was not audited.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Township which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Township was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2015 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2015-1

The Township does not maintain an adequate segregation of duties with respect to the recording and treasury functions. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time. The various departments/offices of the Township are responsible for the issuance of permits and licenses; collection of taxes and permit and license fees; and recording of collections. Also, the Chief Financial Officer reconciles the bank accounts for the respective funds or accounts and the Finance Clerk disburses funds under the direction of the Chief Financial Officer. This is due, in part, to the limited number of personnel of the Township and the decentralized nature of governmental collection procedures. Accordingly, management and the Township Committee should be aware of this situation and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Management's Response

The finding was evaluated, however due to budgetary constraints no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

TOWNSHIP OF STILLWATER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2015

The prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2015-1.



TOWNSHIP OF STILLWATER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

TOWNSHIP OF STILLWATER  
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective January 1, 2011 and thereafter the bid threshold in accordance with N.J.S.A. 40A:11-3 is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000; effective July 1, 2015 the threshold was increased to \$40,000 with a qualified purchasing agent.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

TOWNSHIP OF STILLWATER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

During our review of awarded bids for the year, it was noted that the purchasing agent did not prepare a report evaluating and recommending the award of a contract as required by N.J.S.A.40A:11-1 of the local public contracts law. This report lists the names of all potential vendors who submitted a proposal and summarize the proposals of each vendor. This report ranks vendors in order of evaluation, recommends the selection of a vendor or vendors, as appropriate, for a contract, is clear in the reasons why the vendor or vendors have been selected among others considered, and details the terms, conditions, scope of services, fees, and other matters to be incorporated into a contract. The report should be made available to the public at least 48 hours prior to the awarding of the contract, or when made available to the governing body, whichever is sooner.

It is recommended that the purchasing agent prepare a report evaluating and recommending the award of a contract and that the report is made available to the public at least 48 hours prior to the awarding of the contract as required by N.J.S.A.40A:11-1 of the Local Public Contracts Law.

Management's Response

The Township will ensure the purchasing agent prepares a report evaluating and recommending the award as required and will ensure the report is available to the public as required.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

On January 6, 2015 the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes charges:

BE IT RESOLVED by the Mayor and Committee of the Township of Stillwater, Sussex County, New Jersey that the rate of interest charges on delinquent taxes in this Township shall be as follows:

On all delinquents to and including December 31, 2015, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2015 at the rate of 8% per annum for and upon the first \$1,500 of the delinquency, the rate of 18% per annum for and upon any amount of the delinquency in excess of \$1,500, and the rate of 6% per annum for and upon any amount in excess of \$10,000; and that a grace period of 10 days will be allowed on taxes due February 1, May 1, August 1, and November 1. If taxes are not paid by the 10th, interest shall be charged from the due date.

BE IT RESOLVED, that the collector of the Township be and hereby directed to collect interest on all taxes accordingly.

TOWNSHIP OF STILLWATER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Delinquent Taxes and Tax Title Liens

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Tax Title Liens</u>
2015	84
2014	80
2013	67

It was noted that there are a large number of municipal liens held by the Township which continue to increase every year. It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

It is recommended that the records for the Township liens be reviewed and measures be taken to collect or foreclose on the liens held by the Township.

Management Response:

The Chief Financial Officer and Tax Collector will review all lien balances and begin to take measures to collect or foreclose on the liens held by the Township.

Technical Accounting Directives

The Division of Local Government Services has established three (3) accounting requirements which are prescribed by the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting and record system.

The Township maintains an encumbrance accounting system, a fixed asset accounting and reporting system and a general ledger accounting system. The Township maintains a listing of current year additions to their fixed asset records; however, a cumulative listing of all the assets of the Township is not maintained.

It is recommended that the Township maintain a cumulative listing of the Township's fixed assets.

Management's Response

The fixed assets accounting and reporting records will be investigated to determine the feasibility of obtaining the cumulative record in 2016.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

TOWNSHIP OF STILLWATER  
SUMMARY OF RECOMMENDATIONS

Verification of Delinquent Taxes and Other Charges (Cont'd)

<u>Type</u>	<u>Number Mailed</u>
Payment of 2015 Taxes	20
Payment of 2016 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Management Suggestions:

Purchase Order Process

During our review of the purchase orders processed during the year, we noted that since all of the finance duties are being performed by the Chief Financial Officer, it is not always possible for purchase orders to be physically encumbered in the accounting software prior to orders being placed for certain goods or services. We confirmed that verbal approval is given by the Chief Financial Officer for these orders. However, consideration should be given to maintaining an approval log for these purchase orders or other similar documentation.

Cyber Security

Cyber-crime has become much more prevalent in the last few years. Websites and internal networks, including personally identifiable information ("PII"), have been hacked and resulted in significant losses to organizations, both financial and reputational. We suggest that the Township consider options to test and protect the Township from cyber-crime.

Corrective Action Plan

The prior year recommendations with respect to segregation of duties, review of Township liens and fixed assets were not resolved and are included in the current year recommendations.

TOWNSHIP OF STILLWATER  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The purchasing agent prepare a report evaluating and recommending the award of a contract and that the report is made available to the public at least 48 hours prior to the awarding of the contract as required by N.J.S.A.40A:11-1 of the local public contracts law.
3. The records for the Township liens be reviewed and measures be taken to collect or foreclose on the liens held by the Township.
4. The Township maintain a cumulative listing of the Township's fixed assets.

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