

TOWNSHIP OF STILLWATER

COUNTY OF SUSSEX

REPORT OF AUDIT

2012

*NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS*

TOWNSHIP OF STILLWATER

COUNTY OF SUSSEX

REPORT OF AUDIT

2012

TOWNSHIP OF STILLWATER
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012

PART I – Financial Statements and Supplementary Data

Independent Auditors' Report 1-3

Financial Statements

Current Fund

Comparative Balance Sheet A
 Comparative Statement of Operations and Change in Fund Balance A-1
 Statement of Revenue A-2
 Statement of Expenditures A-3

Trust Funds

Comparative Balance Sheet B
 Statement of Fund Balance - Assessment Trust Fund (Not Applicable) B-1
 Statement of Revenue - Assessment Trust Fund (Not Applicable) B-2
 Statement of Expenditures - Assessment Trust Fund (Not Applicable) B-3

General Capital Fund

Comparative Balance Sheet C
 Statement of Fund Balance C-1

Water Utility Fund (Not Applicable)

D

Sewer Utility Fund (Not Applicable)

E

Public Assistance Fund

Comparative Balance Sheet F

Bond and Interest Fund (Not Applicable)

G

General Fixed Assets Account Group (Unaudited)

Comparative Balance Sheet (Unaudited) H

Page

Notes to Financial Statements

1-15

Supplementary Data

Schedule

Officials in Office and Surety Bonds 1

Current Fund

Schedule of Cash - Treasurer A-4
 Schedule of Cash - Collector A-5
 Schedule of Cash - Grant Funds A-6
 Schedule of Taxes Receivable and Analysis of Property Tax Levy A-7
 Schedule of Tax Title Liens A-8
 Schedule of Revenue Accounts Receivable A-9
 Schedule of Consumer Accounts Receivable (Not Applicable) A-10
 Statement of 2011 Appropriation Reserves A-11
 Schedule of Local School District Taxes Payable A-12
 Schedule of Regional School District Taxes Payable A-13
 Federal and State Grant Funds – Analysis of Grants Receivable A-14
 Federal and State Grant Funds – Schedule of Appropriated Grant Reserves A-15

Trust Funds

Schedule of Cash - Treasurer B-4
 Analysis of Cash - Assessment Trust Fund (Not Applicable) B-5
 Schedule of Reserve for Animal Control Fund Expenditures - Animal Control Fund B-6

TOWNSHIP OF STILLWATER
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

PART I – Financial Statements and Supplementary Data (Cont'd)

<u>Supplementary Data</u>	<u>Schedule</u>
<u>General Capital Fund</u>	
Schedule of Cash	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of Serial Bonds Payable (Not Applicable)	C-8
Schedule of Loans Payable	C-9
Schedule of Bonds and Notes Authorized But Not Issued	C-10
<u>Water Utility Fund (Not Applicable)</u>	D
<u>Sewer Utility Fund (Not Applicable)</u>	E
<u>Public Assistance Fund</u>	
Schedule of Cash - Treasurer	F

PART II – Single Audit

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Note to Schedules of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4
Schedule of Findings and Responses	6
Summary Schedule of Prior Audit Findings	7

PART III - Comments and Recommendations

Comments and Recommendations	8-11
Summary of Recommendations	12

TOWNSHIP OF STILLWATER
PART I
FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2012



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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 Township of Stillwater in the County of Sussex (the "Township") as of and for the year ended December 31, 2012, and the related notes to the financial statements, as listed in the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey (the "Division"), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as described in Note 1 to the financial statements. 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 audit. Except as discussed in the eighth paragraph, we conducted our audit 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 audit 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 audit opinions.

The Honorable Mayor and Members
of the Township Committee
Township of Stillwater
Page 2

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. 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 conformity with accounting principles generally accepted in the United States of America the financial position of the Township as of December 31, 2012 and 2011, or the changes in financial position, thereof for the year 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. The basis of accounting is not in conformity with U. S. generally accepted accounting principles but is in accordance with the accounting principles prescribed by the Division. As described in Note 1, 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, 2012 financial statements of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements – *regulatory basis* 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, 2012, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the year then ended in accordance with accounting principles on the basis of the financial reporting provisions prescribed by the Division, as described in Note 1.

Other Matters

The financial statements of Township of Stillwater as of December 31, 2011 were audited by other auditors whose report dated May 1, 2012 expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements 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 the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Honorable Mayor and Members
of the Township Committee
Township of Stillwater
Page 3

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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 1, 2013 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 1, 2013

NISIVOCCIA LLP



Valerie A. Dolan
Registered Municipal Accountant No. 800
Certified Public Accountant

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
CURRENT FUND

TOWNSHIP OF STILLWATER
CURRENT FUND
COMPARATIVE BALANCE SHEET

		December 31,	
	Ref.	2012	2011
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 2,978,376.30	\$ 2,578,477.07
Change Fund		150.00	150.00
		<u>2,978,526.30</u>	<u>2,578,627.07</u>
Due From State of New Jersey:			
Senior Citizen and Veterans Deductions		12,044.00	12,044.00
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	388,687.52	325,956.69
Tax Title Liens Receivable	A-8	183,890.43	141,122.66
Property Acquired for Taxes at Assessed Valuation		1,492,600.00	1,492,600.00
Other Accounts Receivable			2,733.00
Revenue Accounts Receivable	A-9	13,207.34	848.00
Due Animal Control Trust Fund	B	4,061.42	9,726.56
Due General Capital Fund	C	85,964.79	
Total Receivables and Other Assets With Full Reserves		<u>2,168,411.50</u>	<u>1,972,986.91</u>
Deferred Charges:			
Overexpended Appropriation Reserves	A-11	102,194.69	102,194.69
Emergency Authorizations (40A:4-47)			69,995.00
Special Emergency Authorizations (40A:4-53)		225,000.00	
		<u>327,194.69</u>	<u>172,189.69</u>
Total Regular Fund		<u>5,486,176.49</u>	<u>4,735,847.67</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents:	A-6		182,176.06
Due Current Fund	A		10,160.22
Federal and State Accounts Receivable	A-14		67,104.00
Total Federal and State Grant Fund			<u>259,440.28</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,486,176.49</u>	<u>\$ 4,995,287.95</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
COMPARATIVE BALANCE SHEET
(Continued)

	Ref.	December 31,	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 41,709.55	\$ 19,863.06
Unencumbered	A-3;A-11	639,241.31	420,648.00
		<u>680,950.86</u>	<u>440,511.06</u>
Prepaid Taxes		37,097.21	41,442.66
Tax Overpayments		127.97	
Tax Lien Overpayment		4,000.00	
Accounts Payable - Vendors		116,925.00	
Water District Taxes Payable		3,710.50	4,004.00
Due General Capital Fund	C		288,049.81
Due Other Trust Funds	B	167,228.68	122,492.00
Due to Federal and State Grant Fund	A		10,160.22
Due to State of New Jersey - DCA Training Fees		607.00	
Due to County of Sussex Added and Omitted Taxes		2,845.26	2,070.44
Reserve for:			
Sale of Municipal Assets		30,741.00	30,741.00
Garden State Preservation		64,272.00	64,272.00
Master Plan		17,382.99	37,087.79
Public Assistance		4,760.31	
Revaluation		225,000.00	
Reserve for Grant Funds - Unappropriated			
Recycling Tonnage Grant		2,778.40	
Reserve for Grant Funds - Appropriated:			
Clean Communities		5,171.24	
Municipal Alliance		16,484.99	
Bulletproof Vest Partnership		621.03	
Body Armor Replacement Fund		391.00	
New Jersey State Police Grant		2,405.72	
Environmental Grant		3,710.00	
Stormwater Management		6,250.00	
		<u>1,543,461.16</u>	<u>1,040,830.98</u>
Reserve for Receivables and Other Assets	A	2,168,411.50	1,972,986.91
Fund Balance	A-1	<u>1,774,303.83</u>	<u>1,722,029.78</u>
Total Regular Fund		<u>5,486,176.49</u>	<u>4,735,847.67</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
COMPARATIVE BALANCE SHEET

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2012</u>	<u>2011</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Federal and State Grant Fund:			
Appropriated Reserves	A-15	\$	259,440.28
Total Federal and State Grant Fund			259,440.28
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,486,176.49</u>	<u>\$ 4,995,287.95</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

	Ref.	Year Ended December 31,	
		2012	2011
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	574,000.00	\$ 538,200.00
Miscellaneous Revenue Anticipated		632,273.30	653,557.00
Receipts from:			
Delinquent Taxes		324,200.66	421,421.00
Current Taxes		11,561,148.30	11,385,818.00
Nonbudget Revenue		105,901.97	34,399.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		164,740.20	254,416.00
Interfunds Returned		12,459.56	33,485.00
Cancellation of Prior Year Encumbrances			340,799.00
		13,374,723.99	13,662,095.00
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		3,021,330.89	2,851,968.00
County Taxes		2,456,610.20	2,404,396.94
Local District School Taxes		3,862,944.50	3,787,201.00
Regional School Districts Taxes		3,420,501.14	3,332,965.00
Open Space Taxes		12,470.00	12,503.00
Water District Taxes		106,834.00	104,741.00
Refund Prior Year Revenue			64,278.00
Cancellation of Other Receivable		2,733.00	
Interfunds Advanced		90,026.21	554.28
		12,973,449.94	12,558,607.22
Excess in Revenue		401,274.05	1,103,487.78
Adjustment to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		225,000.00	69,995.00
Statutory Excess to Fund Balance		626,274.05	1,173,482.78

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

	Ref.	Year Ended December 31,	
		2012	2011
<u>Fund Balance</u>			
Balance January 1		\$ 1,722,029.78	\$ 1,086,747.00
		<u>2,348,303.83</u>	<u>2,260,229.78</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>574,000.00</u>	<u>538,200.00</u>
Balance December 31	A	<u>\$ 1,774,303.83</u>	<u>\$ 1,722,029.78</u>

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

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 574,000.00		\$ 574,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	300.00		1,680.00	\$ 1,380.00
Other			3,475.00	3,475.00
Fees and Permits	80,000.00		131,190.14	51,190.14
Municipal Court - Fines and Costs	5,000.00		8,667.94	3,667.94
Interest and Costs on Taxes	75,000.00		65,637.95	9,362.05 *
Interest on Investments	2,600.00		1,592.61	1,007.39 *
Consolidated Municipal Property Tax Relief Act	12,867.00		12,867.00	
Energy Receipts Tax	264,864.00		264,864.00	
Garden State Preservation Trust Fund	64,272.00		64,272.00	
Uniform Construction Code Fees	50,000.00		65,956.00	15,956.00
Clean Communities Grant	12,115.00		11,860.66	254.34 *
Municipal Alliance	12,953.00			12,953.00 *
Uniform Fire Safety Act	160.00		210.00	50.00
	<u>580,131.00</u>		<u>632,273.30</u>	<u>52,142.30</u>
Receipts from Delinquent Taxes	270,000.00		324,200.66	54,200.66
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	2,140,898.00		2,470,297.46	329,399.46
Budget Totals	3,565,029.00		4,000,771.42	\$ 435,742.42
Nonbudget Revenue			105,901.97	
	<u>\$ 3,565,029.00</u>	<u>\$ -0-</u>	<u>\$ 4,106,673.39</u>	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012
(continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes	\$	11,561,148.30
Allocated to School, County, and Open Space Taxes		9,859,359.84
Balance for Support of Municipal Budget		<u>1,701,788.46</u>
Add: Appropriation "Reserve for Uncollected Taxes"		<u>768,509.00</u>
Realized for Support of Municipal Budget	\$	<u><u>2,470,297.46</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	\$	323,422.85
Tax Title Liens		<u>777.81</u>
	\$	<u><u>324,200.66</u></u>
Analysis of Nonbudget Revenue:		
Treasurer:		
FEMA Reimbursement	\$	41,234.98
SECTV Franchise		13,803.00
Uniform Fire Safety Fees		2,465.45
Admin Fee - Veterans and Senior Citizens		885.00
Other Miscellaneous		32,598.07
Due from Judith Fisher		<u>10,341.20</u>
	\$	101,327.70
Statutory Excess in Animal Control Trust Fund		4,061.42
Tax Collector - Miscellaneous Revenue		<u>512.85</u>
	\$	<u><u>105,901.97</u></u>

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

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 43,040.00	\$ 43,040.00	\$ 43,038.00	\$ 2.00	
Other Expenses	13,891.00	13,891.00	9,945.74	3,945.26	
Mayor & Council:					
Salaries & Wages	18,610.00	18,610.00	18,610.00		
Other Expenses	5,031.00	5,031.00	2,730.29	2,300.71	
Municipal Clerk:					
Salaries & Wages	50,000.00	50,000.00	38,758.20	11,241.80	
Other Expenses	16,335.00	16,335.00	10,568.59	5,766.41	
Financial Administration:					
Salaries & Wages	33,000.00	33,000.00	28,561.51	4,438.49	
Other Expenses	27,850.00	27,850.00	25,444.29	2,405.71	
Annual Audit	27,120.00	27,120.00	27,120.00		
Data Processing:					
Other Expenses	13,846.00	13,846.00	13,537.67	308.33	
Tax Collector:					
Salaries & Wages	30,005.00	30,005.00	29,722.27	282.73	
Other Expenses	4,700.00	4,700.00	2,673.80	2,026.20	
Tax Assessment Administration:					
Salaries & Wages	29,641.00	29,641.00	26,685.00	2,956.00	
Other Expenses	17,005.00	17,005.00	4,379.04	12,625.96	
Revaluation (N.J.S.A 40A:4-53, \$225,000.00)		225,000.00	225,000.00		
Legal Services and Costs:					
Other Expenses	85,000.00	85,000.00	26,740.60	58,259.40	
Engineering Services and Costs:					
Other Expenses	20,000.00	20,000.00	11,560.50	8,439.50	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (continued):					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	\$ 5,723.00	\$ 5,723.00	\$ 5,722.00	\$ 1.00	
Other Expenses	14,900.00	14,900.00	10,601.15	4,298.85	
Zoning Board of Adjustment:					
Salaries & Wages	5,723.00	5,723.00	5,722.00	1.00	
Other Expenses	26,245.00	16,245.00	12,204.11	4,040.89	
Zoning Officer:					
Salaries & Wages	32,840.00	32,840.00	32,840.00		
Other Expenses	950.00	950.00	31.99	918.01	
Insurance:					
Group Insurance Plans for Employees	217,800.00	217,800.00	213,578.75	4,221.25	
General Liability Insurance	87,651.00	87,651.00	87,651.00		
Worker's Compensation	37,221.00	37,221.00	37,221.00		
Unemployment Insurance	5,000.00	11,050.00	5,527.55	5,522.45	
Other Insurance Premiums	5,570.00	5,570.00	5,570.00		
CODE ENFORCEMENT AND ADMINISTRATION:					
Building Sub-Code Official:					
Salaries & Wages	58,070.00	58,070.00	57,062.51	1,007.49	
Other Expenses	5,650.00	5,650.00	3,274.25	2,375.75	
Fire Prevention Sub-Code Official:					
Salaries & Wages	6,003.00	6,003.00	6,003.00		
Other Expenses	1,400.00	1,400.00		1,400.00	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (continued):					
PUBLIC SAFETY:					
Contribution to First Aid Organizations	\$ 25,000.00	\$ 25,000.00	\$ 15,450.91	\$ 9,549.09	
Police:					
Salaries & Wages	6,000.00	6,000.00	4,047.03	1,952.97	
Other Expense	500.00	500.00	164.80	335.20	
Aid to Volunteer Fire Companies	60,000.00	60,000.00	59,700.00	300.00	
Other Expenses	36,700.00	36,700.00	36,700.00		
Fire Department:					
Other Expenses	20,350.00	19,210.00	8,111.17	11,098.83	
Emergency Management Services:					
Salaries & Wages	1,314.00	1,314.00		1,314.00	
Other Expenses	2,000.00	2,000.00	389.92	1,610.08	
STREETS AND ROADS:					
Public Works Department:					
Salaries & Wages	227,000.00	241,830.00	218,319.34	23,510.66	
Other Expenses	219,100.00	213,220.00	76,565.77	136,654.23	
Recycle Program:					
Salaries & Wages	24,477.00	24,477.00	11,187.36	13,289.64	
Solid Waste Collection:					
Salaries & Wages	23,000.00	23,000.00	13,936.35	9,063.65	
Other Expenses:					
Landfill Closure	5,000.00	5,000.00	4,021.00	979.00	
Miscellaneous Other Expenses	78,750.00	78,750.00	42,507.67	36,242.33	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
GENERAL GOVERNMENT (continued):					
PUBLIC SAFETY (continued):					
Public Building and Grounds:					
Other Expenses	\$ 33,750.00	\$ 33,750.00	\$ 20,300.51	\$ 13,449.49	
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	63,036.00	64,176.00	43,051.12	21,124.88	
Gypsy Moth Control:					
Other Expenses	5,000.00				
HEALTH AND WELFARE:					
Dog Regulation:					
Salaries & Wages (Animal Control Officer)	7,491.00	7,491.00	7,491.00		
Board of Health:					
Other Expenses	5,500.00	5,500.00	3,527.00	1,973.00	
Environmental Health Services:					
Salaries & Wages	2,295.00	2,295.00	2,295.00		
Other Expenses	3,250.00	3,250.00	2,073.95	1,176.05	
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Salaries & Wages	1,800.00	1,800.00	1,632.66	167.34	
Other Expenses	16,860.00	16,860.00	8,000.34	8,859.66	
UNCLASSIFIED:					
Municipal Services Act:					
Other Expenses	106,000.00	106,000.00	89,138.93	16,861.07	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNCLASSIFIED (continued):					
Utilities:					
Electricity	\$ 15,000.00	\$ 15,000.00	\$ 8,172.89	\$ 6,827.11	
Telephone (excluding equipment acquisition)	11,500.00	11,500.00	9,407.18	2,092.82	
Gas (natural or propane)	10,000.00	10,000.00	6,986.91	3,013.09	
Fuel Oil	16,000.00	16,000.00	8,162.41	7,837.59	
Gasoline	74,000.00	74,000.00	40,540.87	33,459.13	
Total Operations Within "CAPS"	2,046,493.00	2,271,493.00	1,769,966.90	501,526.10	
Detail:					
Salaries & Wages	606,032.00	620,862.00	551,633.23	69,228.77	
Other Expenses	1,440,461.00	1,650,631.00	1,218,333.67	432,297.33	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	57,849.00	57,849.00	57,849.00		
Social Security System (O.A.S.I.)	46,500.00	46,500.00	42,900.24	3,599.76	
Police and Firemen's Retirement System	23,880.00	23,880.00	23,880.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	128,229.00	128,229.00	124,629.24	3,599.76	
Total General Appropriations for Municipal Purposes Within "CAPS"	2,174,722.00	2,399,722.00	1,894,596.14	505,125.86	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total Operations Excluded "CAPS":					
Fire Department					
Other Expenses (LOSAP)	\$ 55,000.00	\$ 55,000.00	\$ 1,200.00	\$ 53,800.00	
Shared Service Agreements:					
Police and Fire Dispatch Services:					
Other Expenses	55,000.00	55,000.00	55,000.00		
Public and Private Programs Offset by Revenues:					
Clean Communities Grant	12,115.00	12,115.00	6,737.06	5,377.94	
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share	12,953.00	12,953.00	12,469.53	483.47	
Local Share	3,238.00	3,238.00		3,238.00	
Total Operations Excluded from "CAPS"	138,306.00	138,306.00	75,406.59	62,899.41	
Detail:					
Other Expenses	138,306.00	138,306.00	75,406.59	62,899.41	
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		
Reserve for Purchase of DPW Equipment	3,000.00	3,000.00	1,707.75	1,292.25	
Reserve for Purchase of Emergency Vehicle	3,000.00	3,000.00		3,000.00	
Reconstruction of Various Roads	65,000.00	65,000.00	20,745.10	44,254.90	
Reserve for PEOSHA Gear	22,500.00	22,500.00	5,598.00	16,902.00	
Reserve for Emergency Services Equipment	19,400.00	19,400.00	13,679.40	5,720.60	
Reserve for Communications Equipment	32,000.00	32,000.00	31,954.00	46.00	
Reserve for Debt Service - Overexpenditure General Capital	12,626.00	12,626.00	12,625.71	0.29	
Total Capital Improvements - Excluded from "CAPS"	182,526.00	182,526.00	111,309.96	71,216.04	

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Anticipation Notes and Capital Notes	\$ 135,480.00	\$ 135,480.00	\$ 135,480.00		
Interest on Notes	11,957.00	11,957.00	11,780.66		\$ 176.34
Green Trust Loan Program:					
Loan Payments for Principal and Interest	10,804.00	10,804.00	10,803.59		0.41
Debt Service Payments to Hampton - Crandon Lakes Dam	8,600.00	8,600.00	8,587.64		12.36
Total Municipal Debt Service - Excluded from "CAPS"	166,841.00	166,841.00	166,651.89		189.11
Deferred Charges - Municipal - Excluded from "CAPS":					
Emergency Authorizations	69,995.00	69,995.00	69,995.00		
Deferred Charges to Future Taxation - Unfunded:					
#02-10 Restoration of Crandon Lakes Dam - Final	15,700.00	15,700.00	15,700.00		
#06-09 Sterling Dump Truck	8,900.00	8,900.00	8,900.00		
#06-16 Ambulance	10,000.00	10,000.00	10,000.00		
#09-10 Two Dump Trucks	19,530.00	19,530.00	19,530.00		
#10-02 Reconstruction of Baldwin Gate Bridge	10,000.00	10,000.00	10,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	134,125.00	134,125.00	134,125.00		
Total General Appropriations - Excluded from "CAPS"	621,798.00	621,798.00	487,493.44	\$ 134,115.45	189.11
Subtotal General Appropriations	2,796,520.00	3,021,520.00	2,382,089.58	639,241.31	189.11
Reserve for Uncollected Taxes	768,509.00	768,509.00	768,509.00		
Total General Appropriations	\$ 3,565,029.00	\$ 3,790,029.00	\$ 3,150,598.58	\$ 639,241.31	\$ 189.11

Ref.

A

TOWNSHIP OF STILLWATER
CURRENT FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 3,565,029.00	
Added by N.J.S.A. 40A:4-53		<u>225,000.00</u>	
		<u>\$ 3,790,029.00</u>	
Reserve for Uncollected Taxes			\$ 768,509.00
Reserve for Encumbrances	A		41,709.55
Reserve for Revaluation			225,000.00
Deferred Charges:			
Emergency Authorizations			69,995.00
Cash Disbursed			<u>2,074,427.89</u>
			3,179,641.44
Less: Appropriation Refunds			<u>29,042.86</u>
			<u>\$ 3,150,598.58</u>

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

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
TRUST FUNDS

TOWNSHIP OF STILLWATER
COMPARATIVE BALANCE SHEET - TRUST FUNDS

		December 31	
	Ref.	2012	2011
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents			
	Treasurer	B-4 \$ 16,946.42	\$ 22,101.00
	Due State of New Jersey		36.00
	Total Animal Control Trust Funds	16,946.42	22,137.00
Assessment Trust Funds:			
	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 Funds	9,065.63	9,065.63
Other Trust Funds:			
	Cash and Cash Equivalents	B-4 351,641.35	307,884.75
	Due Current Fund	A 167,228.68	122,492.00
	Due General Capital Fund	C	20,000.00
	Total Other Trust Funds	518,870.03	450,376.75
	<u>TOTAL ASSETS</u>	\$ 544,882.08	\$ 481,579.38
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
	Reserve for Animal Control Expenditures	B-6 \$ 12,885.00	\$ 12,410.44
	Due Current Fund	A 4,061.42	9,726.56
	Total Animal Control Trust Funds	16,946.42	22,137.00
Assessment Trust Funds:			
	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 Funds	9,065.63	9,065.63

TOWNSHIP OF STILLWATER
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	Ref.	December 31	
		2012	2011
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Other Trust Funds:			
Reserve for:			
Driveway Bonds		\$ 48,982.46	\$ 48,982.46
Subdivision		15,413.25	12,084.95
Tax Sale Premiums		118,600.00	122,671.81
Landfill Escrow		8,017.14	7,974.17
Recycling		70,618.85	50,040.92
Recreation Commission		1,756.51	1,468.73
DNA Lifeprint		1,060.46	1,059.91
Public Defender			6,707.00
Coalition of Affordable Housing		36,564.93	89,576.68
Municipal Open Space		66,164.16	61,456.26
Snow Emergency		97,000.00	
Accumulated Sick		28,000.00	
State Surcharges			21,675.00
Performance Bonds		26,692.27	26,678.86
Total Other Trust Funds		<u>518,870.03</u>	<u>450,376.75</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 544,882.08</u>	<u>\$ 481,579.38</u>

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

TOWNSHIP OF STILLWATER
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

TOWNSHIP OF STILLWATER
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
GENERAL CAPITAL FUND

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 777,561.34	\$ 234,218.42
Due Current Fund	A		288,049.81
Due from New Jersey Department of Transportation			50,000.00
Deficit in Reserve to Pay Debt Service			12,625.71
Deferred Charges to Future Taxation:			
Funded		5,348.31	15,886.23
Unfunded	C-4	1,396,070.00	1,312,320.00
<u>TOTAL ASSETS</u>		<u>\$ 2,178,979.65</u>	<u>\$ 1,913,100.17</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 1,017,900.00	\$ 839,780.00
Green Trust Loan Payable	C-8	5,348.31	15,886.23
Improvement Authorizations:			
Funded	C-5	90,199.67	116,374.35
Unfunded	C-5	464,937.38	318,451.89
Due Current Fund	A	85,964.79	
Due Other Trust Fund	B		20,000.00
Contracts Payable		43,500.00	142,338.94
Capital Improvement Fund	C-6	266,774.23	257,774.23
Reserve for Purchase of Emergency Vehicle		122,850.00	117,700.00
Reserve for Public Works Equipment		26,595.00	23,795.00
Reserve for Municipal Building Improvements			38,975.00
Reserve for Courthouse Improvements		21,900.00	21,900.00
Fund Balance	C-1	33,010.27	124.53
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 2,178,979.65</u>	<u>\$ 1,913,100.17</u>

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

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 124.53
Increased by:		
Improvement Authorizations Cancelled		<u>32,885.74</u>
Balance December 31, 2012		<u><u>\$ 33,010.27</u></u>

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

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
WATER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
PUBLIC ASSISTANCE FUND

TOWNSHIP OF STILLWATER
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

	Ref.	December 31,	
		2012	2011
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$	\$ 4,753.13
<u>TOTAL ASSETS</u>		<u>\$ -0-</u>	<u>\$ 4,753.13</u>
 <u>RESERVES:</u>			
Reserve for Public Assistance Expenditures		\$	\$ 4,753.13
<u>TOTAL RESERVES</u>		<u>\$ -0-</u>	<u>\$ 4,753.13</u>

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

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
BOND AND INTEREST FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
GENERAL FIXED ASSET ACCOUNT GROUP

(UNAUDITED)

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

	December 31,	
	2012	2011
<u>ASSETS</u>		
Land	\$ 2,755,615.00	\$ 2,755,615.00
Buildings and Improvements	414,215.00	414,215.00
Equipment	2,815,696.00	2,674,249.00
<u>TOTAL ASSETS</u>	<u>\$ 5,985,526.00</u>	<u>\$ 5,844,079.00</u>
<u>LIABILITIES AND RESERVES</u>		
Reserve for Fixed Assets	\$ 5,985,526.00	\$ 5,844,079.00
<u>TOTAL LIABILITIES AND RESERVES</u>	<u>\$ 5,985,526.00</u>	<u>\$ 5,844,079.00</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, 2012

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 publication Codification of Government Accounting and Financial Reporting Standards, 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, 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 Government Accounting and Financial Reporting Standards, 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 principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such principles and 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, 2012
(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 accounting policies of the Township of Stillwater conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant policies.

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; and inventories would not be reflected as expenditures at the time of purchase.

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(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, 2012
(Continued)

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

E. Other significant accounting policies include:

General Fixed Assets (Unaudited) - In accordance with Technical Accounting Directive No. 85 Accounting for Governmental Fixed Assets, 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 General 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 asset 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. Capital 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

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, 2012
(Continued)

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

Summary of Municipal Debt

	December 31,		
	2012	2011	2010
<u>Issued</u>			
General:			
Bonds, Loans and Notes	\$ 1,023,248.31	\$ 855,666.23	\$ 802,077.00
	<u>1,023,248.31</u>	<u>855,666.23</u>	<u>802,077.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	378,170.00	472,540.00	490,770.00
	<u>378,170.00</u>	<u>472,540.00</u>	<u>490,770.00</u>
Less:			
Reserve to Pay Debt Service			396.00
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 1,401,418.31</u>	<u>\$ 1,328,206.23</u>	<u>\$ 1,292,451.00</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 .27%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 477,831.24	\$ 477,831.24	
General Debt	1,401,418.31		\$ 1,401,418.31
	<u>\$ 1,879,249.55</u>	<u>\$ 477,831.24</u>	<u>\$ 1,401,418.31</u>

Net Debt: \$1,401,418.31 divided by Average Equalized Valuations of \$516,772,529.33 of Real Property = .27%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 18,087,038.53
Net Debt	<u>1,401,418.31</u>
Remaining Borrowing Power	<u>\$ 16,685,620.22</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, 2012
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

<u>Fund</u>	<u>Balance 12/31/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2011</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 775,860.00	\$ 839,780.00	\$ 775,860.00	\$ 839,780.00
Loans Payable:				
General Capital				
Green Acres Loans	26,217.00		10,330.77	15,886.23
	<u>\$ 830,077.00</u>	<u>\$ 839,780.00</u>	<u>\$ 814,190.77</u>	<u>\$ 855,666.23</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

<u>Fund</u>	<u>Balance 12/31/2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2012</u>
Bond Anticipation Notes:				
General Capital Fund	\$ 839,780.00	\$1,017,900.00	\$ 839,780.00	\$1,017,900.00
Loans Payable:				
General Capital				
Green Acres Loans	15,886.23		10,537.92	5,348.31
	<u>\$ 855,666.23</u>	<u>\$1,017,900.00</u>	<u>\$ 850,317.92</u>	<u>\$1,023,248.31</u>

The Township's debt issued and outstanding on December 31, 2012 is described as follows:

General Capital - Bond Anticipation Notes Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
9/27/2013	1.35%	<u>\$ 1,017,900.00</u>

Loans Payable

<u>Type</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Green Acres	3/25/2013	2.00%	<u>\$ 5,348.31</u>

Total Debt Issued and Outstanding \$ 1,023,248.31

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Green Acres Loan Payable

In 1994, the Township of Stillwater entered into a loan agreement with the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection Fund (the "Fund").

Principal payments on the Loan commenced on March 25, 1994, and will continue on an annual basis over 20 years at 2.00% interest. The Township will be responsible for all such interest and principal payments.

Schedule of Annual Debt Service for Principal and Interest for
Loans Issued and Outstanding

Calendar Year	General		Total
	Principal	Interest	
2013	\$ 5,348.31	\$ 53.48	\$ 5,401.79

Note 3: Fund Balances Appropriated

Fund balance at December 31, 2012, which is appropriated and included in the introduced budget as anticipated revenue for the year ending December 31, 2012 is as follows:

Current Fund	\$ 510,000.00
--------------	---------------

Note 4: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. As of December 31, 2012 the following deferred charges are required to be raised in succeeding years are as follows:

	Balance at Dec. 31, 2012	To be Raised in 2013 Budget	Balance to Succeeding Years Budgets
<u>Current Fund</u>			
Overexpenditure of Appropriation Reserves	\$ 102,194.69	\$ 102,194.69	\$ -0-
Special Emergency Authorization	225,000.00	45,000.00	180,000.00

The appropriation in the 2013 budget are not less than that required by statute.

Note 5: 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, 2012
(Continued)

Note 6: Pension Plans

Borough employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Borough employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

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 each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined. For PERS, the contribution rate was 6.5% of base salary from October 1, 2011 thru June 30, 2012 and increased to 6.64% effective July 1, 2012. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits.

Township contributions to the PERS amounted to \$57,849, \$60,000 and \$47,984 for 2012, 2011 and 2010, respectively. Township contributions to the PFRS amounted to \$23,880, \$103,000 and \$91,865 for 2012, 2011 and 2010, respectively.

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 \$47,200 at December 31, 2012. This amount is not reported either as 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 reserved in the Reserve for Accumulated Sick of \$28,000.00 on the Trust Fund balance sheet at December 31, 2012.

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(Continued)

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>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	\$ 4.768	\$ 4.661	\$ 4.544
<u>Apportionment of Tax Rate</u>			
Municipal	0.863	0.848	0.829
County	0.986	0.964	0.939
Local School	1.548	1.515	1.483
Regional School	1.371	1.334	1.293
<u>Assessed Valuations</u>			
2012	<u>\$ 249,399,029.00</u>		
2011		<u>\$ 248,838,036.00</u>	
2010			<u>\$ 249,764,913.00</u>

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>
2012	\$ 12,011,938.00	\$ 11,561,148.00	96.25%
2011	11,761,204.00	11,385,782.00	96.81%
2010	11,473,895.00	11,026,961.00	96.10%

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.

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(Continued)

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 investments 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.

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;

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

Investments (Cont'd)

- (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.

As of December 31, 2012, cash and cash equivalents of the Township of Stillwater consisted of the following:

<u>Fund</u>	<u>Petty Cash and Change Funds</u>	<u>Checking Accounts</u>	<u>Total</u>
Current Fund	\$ 150.00	\$ 2,978,376.30	\$ 2,978,526.30
Animal Control Trust Fund		16,946.42	16,946.42
Other Trust Fund		351,641.35	351,641.35
General Capital Fund		777,561.34	777,561.34
	<u>\$ 150.00</u>	<u>\$ 4,124,525.41</u>	<u>\$ 4,124,675.41</u>

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

During the period ended December 31, 2012, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2012, was \$4,124,675.41 and the bank balance was \$4,119,373.14.

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, Police and Fire 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.

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.

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

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

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.

The Township contributions to SHBP for the years ended December 31, 2011, 2010 and 2009, were approximately \$130,000, \$100,000, and \$80,000, respectively, which equaled the required contributions for each year. There were 8 retired participants eligible at December 31, 2011, 2010 and 2009, 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.

The December 31, 2012 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, 2011 is as follows:

	Statewide Insurance Fund
Total Assets	\$ 34,778,489
Net Position	\$ 4,594,316
Total Revenue	\$ 19,197,570
Total Expenditures	\$ 18,517,334
Change in Net Position	\$ 680,236
Members Dividends	\$ -0-

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012
(Continued)

Note 12: Risk Management (Cont'd)

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, 2012:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 90,026.21	\$ 167,228.68
Animal Control Trust Fund		4,061.42
Other Trust Funds	167,228.68	
General Capital Fund		85,964.79
	<u>\$ 257,254.89</u>	<u>\$ 257,254.89</u>

The interfund between the Current Fund and the Animal Control Trust Fund represents the Statutory Excess in the Reserve for Animal Control. The interfund between the Current Fund and the Other Trust fund represent the transfer of balances to the accumulated sick and emergency snow reserves net of interest. The interfund between Current Fund and General Capital Fund represents expenditures paid on-behalf of the General Capital Fund.

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.

TOWNSHIP OF STILLWATER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(Continued)

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, 2012 and 2011 were \$66,164.16 and \$61,456.26, 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.

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, 2012

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Charles Gross	Mayor		
George Scott	Deputy Mayor		
Lisa Chamblings	Committee Member		
Timmy Fisher	Committee Member		
Anita Straway	Committee Member		
Dana J. Mooney	Chief Financial Officer	(A)	*
Gisela Boltzer	Tax Collector	(A)	*
Penny Hostenstein	Tax Assessor	(A)	*
Lynda Knott	Acting Township Clerk	(A)	*
Lawrence Cohen, Esq.	Attorney (till 12/31/12)		
Michael Garofalo, Esq.	Attorney (from 1/1/13)		

All bonds were examined and were properly executed.

* There is a 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
2012
CURRENT FUND

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 2,578,477.07
Increased by Receipts:		
Tax Collector		\$ 12,030,413.74
Revenue Accounts Receivable		502,363.35
Petty Cash		300.00
Miscellaneous Revenue Not Anticipated		101,327.70
Due State of New Jersey:		
Marriage License Fees		375.00
DCA Training Fees		3,640.00
Veterans and Senior Citizens' Deductions		44,250.00
Garden State Preservation Trust		64,272.00
Accounts Payable - COAH Funds		67,925.00
Reserve for Public Assistance		4,760.31
Reserve for Recycling Tonnage Grant - Unappropriated		2,778.40
Due Animal Control Trust Fund		9,738.68
Due Other Trust Funds:		
Intefunds Advanced		23,501.45
Due Federal and State Grant Fund:		
Transfer of Appropriated Grant Reserves		185,033.98
Due General Capital Fund		1,067,929.53
Lien Overpayment from BAC		4,000.00
Appropriation Reserve Refunds		12,614.39
Appropriation Refunds		29,042.86
		14,154,266.39
		16,732,743.46
Decreased by Disbursements:		
2012 Appropriation Expenditures		2,074,427.89
2011 Appropriation Reserves		114,385.25
Petty Cash		300.00
Regional School Taxes		3,420,501.14
Local School Taxes		3,862,944.50
County Taxes		2,455,835.38
Tax Overpayments Refunded		9,673.87
Due State of New Jersey:		
Marriage License Fees		375.00
DCA Training Fees		3,033.00
Redemption of Outside Liens		117,707.59
Due to Stillwater Water District		107,127.50
Reserve for Master Plan		19,704.80

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF CASH

Ref.

Decreased by Disbursements:

Due Other Trust Funds:

Open Space Tax Levy \$ 12,470.00

Interfunds Returned 103,764.77

Due Federal and State Grant Fund 10,160.22

Due General Capital Fund:

Interfunds Returned 1,291,944.13

Department of Transportation Trust - Middleville Rd 150,000.00

Due Animal Control Trust Fund 12.12

\$ 13,754,367.16

Balance December 31, 2012

A

\$ 2,978,376.30

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2012

Increased by Receipts:

Taxes Receivable	\$ 11,798,878.19	
Interest and Costs on Taxes	65,637.95	
2013 Prepaid Taxes	37,097.51	
Tax Overpayments	9,801.84	
Tax Title Liens	777.81	
Outside Liens	117,707.59	
Tax Sale Premiums	14,000.00	
Miscellaneous Revenue Not Anticipated	<u>512.85</u>	
		\$ 12,044,413.74

Decreased by:

Disbursed to Municipal Treasurer	\$ 12,030,413.74	
Disbursed to Other Trust Funds	<u>14,000.00</u>	
		<u>12,044,413.74</u>
		<u>\$ -0-</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 182,176.06
Increased by Receipts:		
Due Current Fund	\$ 10,160.22	
Municipal Alliance - 2011	7,107.62	
	<hr/>	17,267.84
		<hr/>
		199,443.90
Decreased by Disbursements:		
Grant Fund Expended	14,409.92	
Appropriated Grant Reserves Transferred to Current Fund	185,033.98	
	<hr/>	199,443.90
		<hr/>
Balance December 31, 2012	A	<u><u>\$ -0-</u></u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2012 Levy	Collections		State of NJ	Cancelled	Transferred	Balance
	Dec. 31, 2011		2011	2012	Veterans and Senior Citizens' Deductions		to Tax Title Liens	
2011	\$ 325,956.69			\$ 323,422.85		\$ 10.47	\$ 2,523.37	
2012		\$ 12,011,938.20	\$ 41,442.96	11,475,455.34	\$ 44,250.00	21,455.17	40,647.21	\$ 388,687.52
	<u>\$ 325,956.69</u>	<u>\$ 12,011,938.20</u>	<u>\$ 41,442.96</u>	<u>\$ 11,798,878.19</u>	<u>\$ 44,250.00</u>	<u>\$ 21,465.64</u>	<u>\$ 43,170.58</u>	<u>\$ 388,687.52</u>

Ref.

A

A

Analysis of 2012 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 11,879,986.94	
Special District Taxes	106,834.00	
Business Personal Property Taxes	11,358.76	
Added and Omitted Taxes	13,758.50	
	<u>\$ 12,011,938.20</u>	
Regional School District Taxes		\$ 3,420,501.14
Local School District Taxes		3,862,944.50
County Taxes:		
General Tax	\$ 2,218,588.68	
Library Tax	161,439.99	
Health Tax	62,572.00	
County Open Space Tax	11,164.27	
Due County for Added and Omitted Taxes	2,845.26	
		2,456,610.20
Water District		106,834.00
Local Tax for Open Space - Due Other Trust Funds		12,470.00
		<u>9,859,359.84</u>
Local Tax for Municipal Purposes Levied	2,140,898.00	
Add: Additional Tax Levied	11,680.36	
		<u>2,152,578.36</u>
		<u>\$ 12,011,938.20</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2011	A	\$ 141,122.66
Increased by:		
Transfer from Taxes Receivable		\$ 43,170.58
Interest and Costs on Tax Sale		<u>375.00</u>
		<u>43,545.58</u>
		184,668.24
Decreased by:		
Redeemed		<u>777.81</u>
Balance December 31, 2012	A	<u>\$ 183,890.43</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Accrued In</u> <u>2012</u>	<u>Collected by</u> <u>Treasurer</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Clerk:				
Alcoholic Beverage Licenses		\$ 1,680.00	\$ 1,680.00	
Other		3,475.00	3,475.00	
Fees and Permits		131,190.14	131,190.14	
Uniform Construction Code Fees:				
Fees and Permits		65,956.00	65,956.00	
Municipal Court:				
Fines and Costs	\$ 848.00	7,819.94	8,667.94	
Interest on Investments		1,592.61	1,592.61	
Consolidated Municipal Property Tax Relief Program		12,867.00	12,867.00	
Energy Receipts Tax		264,864.00	264,864.00	
Clean Communities Grant		12,115.00	11,860.66	\$ 254.34
Municipal Alliance - 2012		12,953.00		12,953.00
Uniform Fire Safety Act		210.00	210.00	
	<u>\$ 848.00</u>	<u>\$ 514,722.69</u>	<u>\$ 502,363.35</u>	<u>\$ 13,207.34</u>
<u>Ref.</u>	A			A

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF CONSUMERS ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 0.86	\$ 0.86		\$ 0.86
Other Expenses	631.80	973.80	\$ 440.86	532.94
Mayor & Council:				
Salaries & Wages	0.25	0.25		0.25
Other Expenses	1,444.19	1,444.19		1,444.19
Municipal Clerk:				
Salaries & Wages	44.78	44.78		44.78
Financial Administration:				
Salaries & Wages	11,099.02	11,099.02	11,000.00	99.02
Other Expenses	341.07	3,933.07	3,795.20	137.87
Data Processing:				
Other Expenses	0.47	0.47		0.47
Revenue Administration (Tax Collection):				
Salaries & Wages	217.50	13,817.50	13,053.02	764.48
Other Expenses	1,576.30	1,576.30	402.10	1,174.20
Tax Assessment Administration:				
Other Expenses	9,632.97	9,632.97	4,292.50	5,340.47
Legal Services and Costs:				
Other Expenses	0.82	16.82	16.28	0.54
Engineering Services and Costs:				
Other Expenses	13,442.50	13,442.50	812.50	12,630.00
Municipal Prosecutor:				
Other Expenses	4,325.00	4,325.00		4,325.00
Municipal Land Use Law:				
Planning Board:				
Other Expenses	6,418.68	6,418.68	438.33	5,980.35
Zoning Board of Adjustment:				
Other Expenses	3,039.79	3,039.79	577.35	2,462.44
Zoning Officer:				
Salaries & Wages	25.40	25.40		25.40
Other Expenses	950.00	950.00		950.00
Police:				
Salaries & Wages	772.32	772.32		772.32
Other Expenses	394.82	394.82		394.82
Building Sub-Code Official:				
Other Expenses	2,540.08	2,540.08	692.12	1,847.96
Fire Prevention Sub Code Official:				
Salaries & Wages	101.11	101.11		101.11
Other Expenses	601.54	601.54		601.54

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
Emergency Management Services:				
Salaries & Wages	\$ 348.00	\$ 348.00	\$ 240.04	\$ 107.96
Other Expenses	2,274.60	4,548.60	2,274.05	2,274.55
Contribution to First Aid Organizations	4,505.42	4,505.42	3,475.28	1,030.14
Municipal Court:				
Salaries & Wages	16,605.23	16,605.23	3,000.00	13,605.23
Other Expenses	0.32	0.32		0.32
Public Defender:				
Other Expenses	3,325.00	3,325.00		3,325.00
Fire Department:				
Other Expenses	0.69	0.69		0.69
Public Works Department:				
Salaries & Wages	8,390.31	8,390.31	8,000.00	390.31
Other Expenses	79,244.69	79,244.69	78,408.28	836.41
Other Expenses - Flood Damage	12,031.90	12,031.90	12,000.00	31.90
Recycle Program:				
Salaries & Wages	2,038.44	2,038.44		2,038.44
Solid Waste Collection:				
Salaries & Wages	14,986.77	14,986.77	10,000.00	4,986.77
Other Expenses	13,187.63	14,472.63	7,447.59	7,025.04
Landfill Closure	5,642.27	5,642.27	794.00	4,848.27
Public Building and Grounds:				
Other Expenses	5,215.60	5,215.60	110.18	5,105.42
Vehicle Maintenance (Including Police Vehicles):				
Other Expenses	14,557.10	14,557.10		14,557.10
Gypsy Moth Control:				
Other Expenses	4,972.22	4,972.22		4,972.22
Board of Health:				
Other Expenses:				
PEOSHA- Hepatitis B Vaccinations	1,192.46	1,192.46		1,192.46
Miscellaneous Other Expenses	4,971.56	4,971.56	2,164.49	2,807.07
Environmental Health Services:				
Salaries & Wages	0.88	0.88		0.88
Other Expenses	1,086.20	1,086.20		1,086.20
Parks and Playground:				
Salaries & Wages	684.00	684.00		684.00
Other Expenses	8,668.89	8,668.89	462.30	8,206.59
UNCLASSIFIED:				
Municipal Services Act:				
Other Expenses	49,192.52	49,192.52	49,000.00	192.52

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF 2011 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2012

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UNCLASSIFIED:				
Utilities:				
Electricity	\$ 3,714.73	\$ 3,714.73	\$ 716.70	\$ 2,998.03
Telephone (excluding equipment acquisition)	10,125.53	10,125.53	889.10	9,236.43
Gasoline	3,202.86	5,320.86	3,567.39	1,753.47
Contributions to:				
Social Security System (O.A.S.I.)	17,122.43	17,122.43		17,122.43
Worker's Compensation	5,137.43	5,137.43		5,137.43
Insurance:				
Group Health Insurance	26,801.91	3,574.91		3,574.91
Other Insurance Premiums	6,959.00	6,959.00	978.00	5,981.00
Excluded from "CAPS":				
Fire Department				
Other Expenses (LOSAP)	40,000.00	40,000.00	40,000.00	
Capital Improvements				
Reconstruction of Various Roads	16,723.20	16,723.20	16,723.20	
	<u>\$ 440,511.06</u>	<u>\$ 440,511.06</u>	<u>\$ 275,770.86</u>	<u>\$ 164,740.20</u>

Ref.

Analysis of Balance @ 12/31/2011

Unencumbered	A \$ 420,648.00
Encumbered	A <u>19,863.06</u>
	<u>\$ 440,511.06</u>

Cash Disbursed	\$ 114,385.25
Due Other Trust Fund:	
Reserve for Snow & Emergency Reserve	97,000.00
Reserve for Accumulated Sick Leave	28,000.00
Accounts Payable	49,000.00
	<u>288,385.25</u>
Less: Appropriation Reserve Refunds	<u>12,614.39</u>
	<u>\$ 275,770.86</u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAX PAYABLE
YEAR ENDED DECEMBER 31, 2012

Balance December 31, 2011	<u>Ref.</u> A	\$ -0-
Increased by:		
Levy - Calendar Year 2012		\$ 3,862,944.50
		<u>3,862,944.50</u>
Decreased by:		
Payments to Regional School District		<u>3,862,944.50</u>
Balance December 31, 2012	A	<u><u>\$ -0-</u></u>

TOWNSHIP OF STILLWATER
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2012

Increased by:

Levy - Calendar Year 2012

\$ 3,420,501.14

Decreased by:

Payments to Regional School District

\$ 3,420,501.14

TOWNSHIP OF STILLWATER
FEDERAL AND STATE GRANT FUNDS
ANALYSIS OF GRANT RECEIVABLE

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Received</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Municipal Alliance on Alcohol and Drug Abuse	\$ 13,354.00	\$ 7,107.62	\$ 6,246.38	
Department of Transportation Trust - Middleville Rd	50,000.00		50,000.00	
Stormwater Management	3,750.00		3,750.00	
	<u>\$ 67,104.00</u>	<u>\$ 7,107.62</u>	<u>\$ 59,996.38</u>	<u>\$ -0-</u>
Ref.	A			A

TOWNSHIP OF STILLWATER
FEDERAL AND STATE GRANT FUNDS
SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance Dec. 31, 2011	Expended	Transferred to Current Fund - Appropriated Grant Reserves	Cancelled	Balance Dec. 31, 2012
Clean Communities Grant	\$ 5,171.24		\$ 5,171.24		
Municipal Alliance on Alcohol and Drug Abuse					
State Share	20,053.37	\$ 4,000.00	9,806.99	\$ 6,246.38	
Local Share	6,678.00		6,678.00		
Bullet Proof Vest Program	621.03		621.03		
Body Armor Replacement Fund	391.00		391.00		
New Jersey State Police Grant	2,405.72		2,405.72		
Department of Transportation Trust - Middleville Rd	200,000.00		150,000.00	50,000.00	
Environmental Grant	3,710.00		3,710.00		
Energy Audit Efficiency Grant	10,409.92	10,409.92			
Stormwater Management	10,000.00		6,250.00	3,750.00	
	<u>\$ 259,440.28</u>	<u>\$ 14,409.92</u>	<u>\$ 185,033.98</u>	<u>\$ 59,996.38</u>	<u>\$ -0-</u>
<u>Ref.</u>	A				A

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
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, 2011	B	\$ 22,101.00	\$ 307,884.75
Increased by Receipts:			
Township Dog License Fees		\$ 4,998.00	
Penalties on Dog License Fees		885.77	
State Dog License Fees		1,134.00	
Due Current Fund:			
Interest on Deposits		13.26	
Interfund Returned			\$ 76,373.24
Due General Capital Fund			20,000.00
Subdivision			19,836.51
Tax Sale Premiums			14,928.19
Landfill Escrow			42.97
Recycling			22,750.82
Recreation Commission			7,013.01
DNA Lifeprint			0.55
Coalition of Affordable Housing			18,598.75
Municipal Open Space:			
Open Space Levy			12,470.00
Interest on Deposits			22.75
Performance Bonds			13.41
		7,031.03	192,050.20
		29,132.03	499,934.95

TOWNSHIP OF STILLWATER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Decreased by Disbursements:		
Administrative Expenses	\$ 1,347.79	
Due to State of New Jersey	1,098.00	
Due Current Fund	9,739.82	\$ 6,877.42
Subdivision		16,508.21
Tax Sale Premiums		19,000.00
Recycling		2,172.89
Recreation Commission		6,725.23
Public Defender		1,457.00
Coalition of Affordable Housing		67,925.00
Municipal Open Space		6,784.85
State Surcharges		20,843.00
	<u>\$ 12,185.61</u>	<u>\$ 148,293.60</u>
Balance December 31, 2012	B <u>\$ 16,946.42</u>	<u>\$ 351,641.35</u>

TOWNSHIP OF STILLWATER
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2011	B	\$ 12,410.44
Increased by:		
Dog License Fees:		
Collected in Current Year		\$ 4,998.00
Penalties and Interest		885.77
		5,883.77
		18,294.21
Decreased by:		
Expenditures Under R.S. 4:19-15.11		1,347.79
Statutory Excess Due to Current Fund		4,061.42
		5,409.21
Balance December 31, 2012	B	\$ 12,885.00

License Fees Collected

<u>Year</u>	<u>Amount</u>
2010	\$ 6,506.00
2011	6,379.00
	12,885.00
Maximum Allowable Reserve	\$ 12,885.00

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
GENERAL CAPITAL FUND

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 234,218.42
Increased by:		
2012 Budget Appropriations:		
Capital Improvement Fund		\$ 25,000.00
Overexpenditure of Reserve to Pay Debt Service		12,625.71
Deferred Charges to Future Taxation Unfunded		199,610.00
Bond Anticipation Notes		1,017,900.00
Due From New Jersey Department of Transportation		50,000.00
Due Current Fund:		
Interfund		1,256,339.81
Interest Earned		199.41
		2,561,674.93
		2,795,893.35
Decreased by:		
Improvement Authorization Expenditures		132,913.45
Contracts Payable		142,338.94
Bond Anticipation Notes		839,780.00
Due Current Fund		883,299.62
Due Other Trust Funds		20,000.00
		2,018,332.01
Balance December 31, 2012	C	\$ 777,561.34

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance/ (Deficit) Dec. 31, 2011	Receipts			Disbursements			Transfers		Balance/ (Deficit) Dec. 31, 2012
		Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Improvement Fund	\$ 257,774.23	\$ 25,000.00						\$ 16,000.00		\$ 266,774.23
Due to/from Current Fund	(288,049.81)			\$ 1,256,539.22					\$ 775.00	85,964.79
Due to/from Other Trust Fund	20,000.00					\$ 883,299.62				
Due from New Jersey Department of Transportation	(50,000.00)			50,000.00		20,000.00				
Contracts Payable	142,338.94							142,338.94		43,500.00
Reserve:										
To Pay Debt Service	(12,625.71)	12,625.71								
Purchase of Emergency Vehicle	117,700.00								5,150.00	122,850.00
DPW Equipment	23,795.00								2,800.00	26,595.00
Municipal Building Improvements	38,975.00							38,975.00		
Courthouse Improvements	21,900.00									21,900.00
Fund Balance	124.53								32,885.74	33,010.27
<u>Ord.</u>										
<u>Number</u>	<u>Improvement Description</u>									
93-17/00-04	Rehabilitation of Local Income Housing	30,262.11								30,262.11
96-03/02-02	Development of Property	5,105.81								5,105.81
02-04	Purchase of Fire Truck		18,900.00			\$ 18,900.00				
02-05	Reconstruction of Ridge Rd - Phase II		9,180.00			9,180.00				
02-10	Restoration of Crandon Lakes Dam	(15,700.00)	29,200.00			13,500.00				
03-11	COAH Rehabilitation Project	18,367.61								18,367.61
05-11	Old Foundry Road		17,000.00	\$ 91,000.00		108,000.00				
05-14	Dump Truck	(48,410.00)	8,900.00							(39,510.00)
06-12	Mt Benevolence Road - Phase I		24,200.00	91,000.00		115,200.00				
06-16	Purchase of Ambulance	(42,660.00)	12,800.00	10,000.00		12,800.00				(32,660.00)
06-17	Pond Brook Park	18,803.08								18,803.08
06-20	4x4 Police Vehicle	30,900.00						30,900.00		
07-12	Mt Benevolence Road - Phase II		37,200.00	186,000.00		223,200.00				
07-21	Police Computer	3,000.00			\$ 2,224.99			775.00		0.01
08-02	Mill Brook Road	102,408.59	6,500.00	177,500.00	544.94	184,000.00				101,863.65
09-04	Mower Arm	2,800.00						2,800.00		
09-09	Upgrade of Municipal Electronics	4,725.74						4,725.74		
09-10	Purchase of Two Dump Trucks	(153,130.00)	19,530.00	133,600.00						
10-02	Reconstruction of Balwin Gate Bridge	(45,657.50)	10,000.00	80,000.00	8,900.40			35,442.10		
10-04	Replacement of Hot Air Furnace	2,410.00						2,410.00		
11-04	Middleville Road Phase I	109,614.75	6,200.00	148,800.00	9,094.30	155,000.00				100,520.45
11-10	PEOSHA Gear and Fire Truck Pump	(60,553.95)		100,000.00	7,005.32			400.00		32,040.73
12-02	Renovations to Municipal Building				19,813.95			1,500.00	38,975.00	17,661.05
12-04	Various Capital Improvements				85,329.55			6,157.90	16,000.00	(75,487.45)
		<u>\$ 234,218.42</u>	<u>\$ 237,235.71</u>	<u>\$ 1,017,900.00</u>	<u>\$ 1,306,539.22</u>	<u>\$ 839,780.00</u>	<u>\$ 1,045,638.56</u>	<u>\$ 140,085.74</u>	<u>\$ 140,085.74</u>	<u>\$ 777,561.34</u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	Funded by Budget	2012 Authorizations	Improvement Authorization Cancelled	Balance Dec. 31, 2012	Analysis of Balance December 31, 2012		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
02-04	Purchase of Fire Truck	\$ 18,900.00	\$ 18,900.00						
02-05	Reconstruction of Ridge Rd - Phase II	9,180.00	9,180.00						
02-10	Restoration of Crandon Lakes Dam	29,200.00	29,200.00						
05-11	Old Foundry Road	108,000.00	17,000.00			\$ 91,000.00	\$ 91,000.00		
05-14	Dump Truck	48,410.00	8,900.00			39,510.00		\$ 39,510.00	
06-12	Mt Benevolence Road - Phase I	115,200.00	24,200.00			91,000.00	91,000.00		
06-16	Purchase of Ambulance	55,460.00	12,800.00			42,660.00	10,000.00	32,660.00	
07-12	Mt Benevolence Road - Phase II	223,200.00	37,200.00			186,000.00	186,000.00		
08-02	Mill Brook Road	184,000.00	6,500.00			177,500.00	177,500.00		
09-10	Purchase of Two Dump Trucks	175,770.00	19,530.00		\$ 22,640.00	133,600.00	133,600.00		
10-02	Reconstruction of Balwin Gate Bridge	90,000.00	10,000.00			80,000.00	80,000.00		
11-04	Middleville Road - Phase I	155,000.00	6,200.00			148,800.00	148,800.00		
11-10	PEOSHA Gear and Fire Truck Pump	100,000.00				100,000.00	100,000.00		
12-04	Various Capital Improvements			\$ 306,000.00		306,000.00		75,487.45	\$ 230,512.55
		<u>\$ 1,312,320.00</u>	<u>\$ 199,610.00</u>	<u>\$ 306,000.00</u>	<u>\$ 22,640.00</u>	<u>\$ 1,396,070.00</u>	<u>\$ 1,017,900.00</u>	<u>\$ 147,657.45</u>	<u>\$ 230,512.55</u>

Improvement Authorizations Unfunded:

Less: Unexpended Proceeds of Bond Anticipation Notes Issued:

Ordinance 08-02 (Mill Brook Road)

Ordinance 11-04 (Middleville Road - Phase I)

Ordinance 11-10 (PEOSHA Gear and Fire Truck Pump)

\$ 464,937.38

(101,863.65)

(100,520.45)

(32,040.73)

\$ 230,512.55

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2011	C	\$ 257,774.23
Increased by:		
Current Fund Budget Appropriation		<u>25,000.00</u>
		282,774.23
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>16,000.00</u>
Balance December 31, 2012	C	<u>\$ 266,774.23</u>

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

Improvement Authorization	Original Note		Date of		Interest Rate	Balance Dec. 31, 2011	Issued	Matured	Balance Dec. 31, 2012
	Date of Issue	Amount	Issue	Maturity					
Purchase of Fire Truck	10/16/02	\$ 189,000.00	09/29/11	09/28/12	1.35%	\$ 18,900.00		\$ 18,900.00	
Reconstruction of Ridge Rd - Phase II	10/16/02	91,800.00	09/29/11	09/28/12	1.35%	9,180.00		9,180.00	
Restoration of Crandon Lakes Dam	10/16/03	125,600.00	09/29/11	09/28/12	1.35%	13,500.00		13,500.00	
Old Foundry Road	10/06/05	270,000.00	09/29/11	09/28/12	1.35%	108,000.00		108,000.00	
			09/29/12	09/27/13	1.35%		\$ 91,000.00		\$ 91,000.00
Mill Brook Road	10/01/09	230,000.00	09/29/11	09/28/12	1.35%	184,000.00		184,000.00	
			09/29/12	09/27/13	1.35%		177,500.00		177,500.00
Purchase of Ambulance	03/11/09	16,000.00	09/29/11	09/28/12	1.35%	12,800.00		12,800.00	
			09/29/12	09/27/13	1.35%		10,000.00		10,000.00
Mt Benevolence Road - Phase I	03/11/09	144,000.00	09/29/11	09/28/12	1.35%	115,200.00		115,200.00	
			09/29/12	09/27/13	1.35%		91,000.00		91,000.00
Mt Benevolence Road - Phase II	03/11/09	279,000.00	09/29/11	09/28/12	1.35%	223,200.00		223,200.00	
			09/29/12	09/27/13	1.35%		186,000.00		186,000.00
Middleville Road - Phase I	10/18/11	155,000.00	10/18/11	09/28/12	1.75%	155,000.00		155,000.00	
			09/29/12	09/27/13	1.35%		148,800.00		148,800.00
Purchase of Two Dump Trucks	09/29/12	133,600.00	09/29/12	09/27/13	1.35%		133,600.00		133,600.00
Reconstruction of Balwin Gate Bridge	09/29/12	80,000.00	09/29/12	09/27/13	1.35%		80,000.00		80,000.00
PEOSHA Gear and Fire Truck Pump	09/29/12	100,000.00	09/29/12	09/27/13	1.35%		100,000.00		100,000.00
						<u>\$ 839,780.00</u>	<u>\$ 1,017,900.00</u>	<u>\$ 839,780.00</u>	<u>\$ 1,017,900.00</u>
							\$ 704,300.00	\$ 704,300.00	
							313,600.00		
								135,480.00	
							<u>\$ 1,017,900.00</u>	<u>\$ 839,780.00</u>	

Renewed
 Issued for Cash
 Paid by Budget Appropriation

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2012

NOT APPLICABLE

TOWNSHIP OF STILLWATER
GENERAL CAPITAL FUND
SCHEDULE OF GREEN ACREST TRUST LOAN

Ord. No.	Improvement Description	Balance Dec. 31, 2011	Matured	Balance Dec. 31, 2012
96-03/02-02	Development of Property	\$ 15,886.23	\$ 10,537.92	\$ 5,348.31
	<u>Ref.</u>	E		E

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS
OUTSTANDING DECEMBER 31, 2012

Due Date	Interest Rate	Interest	Principal	Balance of Loan
03/25/13	2.00%	\$ 53.48	\$ 5,348.31	\$ -0-

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

Ord. Number	Improvement Description	Balance Dec. 31, 2011	2012 Authorizations	Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Redeemed	Cancelled	Balance Dec. 31, 2012
02-04	Purchase of Fire Truck			\$ 18,900.00		\$ 18,900.00		
02-05	Reconstruction of Ridge Rd - Phase II			9,180.00		9,180.00		
02-10	Restoration of Crandon Lakes Dam	\$ 15,700.00		29,200.00		13,500.00		
05-11	Old Foundry Road			17,000.00	\$ 91,000.00	108,000.00		
05-14	Dump Truck	48,410.00		8,900.00				\$ 39,510.00
06-16	Mill Brook Road			6,500.00	177,500.00	184,000.00		
06-12	Purchase of Ambulance	42,660.00		12,800.00	10,000.00	12,800.00		32,660.00
07-12	Mt Benevolence Road - Phase I			24,200.00	91,000.00	115,200.00		
08-02	Mt Benevolence Road - Phase II			37,200.00	186,000.00	223,200.00		
09-10	Purchase of Two Dump Trucks	175,770.00		19,530.00	133,600.00		\$ 22,640.00	
10-02	Reconstruction of Balwin Gate Bridge	90,000.00		10,000.00	80,000.00			
11-04	Middleville Road - Phase I			6,200.00	148,800.00	155,000.00		
11-10	PEOSHA Gear and Fire Truck Pump	100,000.00			100,000.00			
12-04	Various Capital Improvements		\$ 306,000.00					306,000.00
		<u>\$ 472,540.00</u>	<u>\$ 306,000.00</u>	<u>\$ 199,610.00</u>	<u>\$ 1,017,900.00</u>	<u>\$ 839,780.00</u>	<u>\$ 22,640.00</u>	<u>\$ 378,170.00</u>

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
WATER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
SEWER OPERATING FUND

NOT APPLICABLE

TOWNSHIP OF STILLWATER
COUNTY OF SUSSEX
2012
PUBLIC ASSISTANCE FUND

TOWNSHIP OF STILLWATER
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Fund Total</u>	<u>Public Assistance Trust Fund I</u>
Balance December 31, 2011	F	\$ 4,753.13	\$ 4,753.13
Increased by Receipts			
Interest Earned		7.18	7.18
		<u>4,760.31</u>	<u>4,760.31</u>
Decreased by Disbursements:			
Transfer to Current Fund		4,760.31	4,760.31
		<u>4,760.31</u>	<u>4,760.31</u>
Balance December 31, 2012	F	<u>\$ -0-</u>	<u>\$ -0-</u>

TOWNSHIP OF STILLWATER
PART II
SINGLE AUDIT
YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF STILLWATER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2012

Name of Federal Agency or Department	Name of Program	Pass-Through Entity ID#	C.F.D.A. Number	Grant Award	Amount Received	Grant Period		Amount of Expenditures	
						From	To	Year to Date	Cumulative
U.S. Department of Transportation (Passed through New Jersey Department of Transportation)	Municipal Aid Program - Middleville Road	6320-480-078-6320 AJ3-TCAP-6010	20.205	\$ 200,000.00	\$ 50,000.00	01/01/11	12/31/12		\$ 200,000.00
					50,000.00				200,000.00
U.S. Department of Homeland Security: (Passed through New Jersey Department of Law & Public Safety)	Disaster Grants - Public Assistance - F.E.M.A.	N/A	97.036	41,234.98	41,234.98	01/01/11	12/31/12	41,234.98	41,234.98
Total U.S. Department of Homeland Security					41,234.98			41,234.98	41,234.98
Total Federal Awards					\$ 91,234.98			\$ 41,234.98	\$ 241,234.98

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF STILLWATER
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

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
Board of Public Utilities Agency: NJ Clean Energy Program	Energy Efficiency Audit Grant	N/A	\$ 15,883.00		01/01/10	12/31/12	\$ 10,409.92	\$ 15,883.00
Total Board of Public Utilities Agency							10,409.92	15,883.00
Department of Environmental Protection	Clean Communities Program	765-042-4900- 004-6020	12,115.00	\$ 11,860.66	01/01/12	12/31/13	6,737.06	6,737.06
				11,860.66			6,737.06	6,737.06
	Recycling Tonnage Grants	752-042-4900- 001-6020	2,778.40	2,778.40	01/01/12	12/31/13		
				2,778.40				
Total Department of Environmental Protection							6,737.06	6,737.06
Department of Treasury			13,354.00		01/01/10	12/31/12	4,000.00	10,654.63
Passed Through Sussex County Governor's Council of Alcoholism and Drug Abuse		200-475-	7,107.62	7,107.62	01/01/11	12/31/12		
	Municipal Alliance	665120-60	12,953.00		01/01/12	12/31/13	12,469.53	12,469.53
Total Department of Treasury							16,469.53	23,124.16
Total State Awards				\$ 21,746.68			\$ 33,616.51	\$ 45,744.22

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF STILLWATER
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2012

Note 1. GENERAL

The accompanying schedules of expenditures of state and federal awards present the activity of all federal and state awards programs of the Township of Stillwater. The Township of Stillwater is defined in Note 1 to the Township's financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

Note 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the cash basis of accounting. The information in these schedules is presented in accordance with the requirements of federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. 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.

Note 4. STATE LOANS OUTSTANDING

The Township of Stillwater has the following loans outstanding as of December 31, 2012:

Green Acres Loan	\$ 5,348.31
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Currently the Township is in the process of repaying these loan balances. There were no loan receipts or expenditures in the current year. The projects which relate to the loans are complete.



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07858
 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 year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated May 1, 2013. These financial statements have been prepared in conformity with accounting principles prescribed by the Division, 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 2012-01 that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Township Committee
Township of Stillwater
Andover, 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*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

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 1, 2013

NISIVOCCIA LLP



Valerie A. Dolan
Registered Municipal Accountant No. 800
Certified Public Accountant

TOWNSHIP OF STILLWATER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012

Summary of Auditors' Results:

- A qualified report was issued on the Township's financial statements, prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as the general fixed assets account group was not audited.
- The audit did not disclose any material weaknesses in the internal controls of the Township.
- The audit did not disclose any noncompliance that is material to the financial statements of the Township.
- The Township was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2012 as grant expenditures were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards, except as follows:

Finding 2012-1

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, 2012

The prior year audit finding regarding segregation of duties has not been resolved and is included as finding 2012-1.

TOWNSHIP OF STILLWATER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

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 the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500, and with a qualified purchasing agent the threshold may be up to \$36,000.

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. Our review of the various bids and contracts awarded by the Township revealed that in all cases the proper documentation was not obtained or maintained.

It is recommended that Local Public Contract Law be adhered to in all cases.

Management's Response:

The Township will ensure to adhere to Local Public Contract law.

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 1, 2012 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, 2012, at the rate or rates heretofore governing, and on all delinquents on and after January 1, 2012 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.

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:

Year	Tax Title Liens
2012	63
2011	61
2010	51

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 noted that there are a large number of liens held by the Township.

TOWNSHIP OF STILLWATER
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

It is recommended that the records of the Township liens be reviewed and that measures be taken to collect or foreclose on the large number of liens.

Management's Response:

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

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:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2012 Taxes	20
Payment of 2013 Taxes	20
Delinquent Taxes	15
Tax Title Liens	5

Fixed Asset Accounting and Reporting Records

Although, the Township reflected additions to their fixed asset records in the current year, 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 investigate to determine the feasibility of obtaining the cumulative record in 2013.

Interfunds

Our review of the Current Fund balance sheet revealed interfund receivables as of December 31, 2012.

It is recommended that all interfunds be liquidated by the Chief Financial Officer due to the potential restriction on Current Fund fund balance. Every effort should be made to limit and control the number of interfund transactions in the future.

Management's Response:

All interfund balances will be liquidated in 2013, and an attempt will be made to limit the number of transactions in the future.

TOWNSHIP OF STILLWATER
COMMENTS AND RECOMMENDATIONS
(Continued)

Compensated Absences

Our review of the existing analysis of compensated absences revealed that the analysis is not being calculated in accordance with the 2004 Employee Handbook. There are a few employees who are being allowed to accumulate more than 1 year's accrual as stated in the handbook. These employees are being "grandfathered" to an old policy, however no documentation of that approval was found during our review.

It is recommended that the policy for compensated absences be reviewed and modified to ensure that all employee accruals are being calculated accurately.

Management's Response

The Chief Financial Officer will evaluate the current policy and any other policies being followed for the accumulation of time off. The Chief Financial Officer will also ensure that the calculations done are supported by a written and approved policy.

Outside Offices

Our review of the various outside offices revealed that monthly reports are not prepared by all of the various outside offices for the collection funds. These monthly reports generated by the various outside offices should be reconciled with the postings in the general ledger by the Finance Department. Our audit also revealed that weekend collections at the Bulky Garbage Disposal site are not always deposited within 48 hours of receipt and that the tally sheets and register tapes are not always properly proven.

It is recommended that the outside offices prepare a standardized monthly report and that these reports be reconciled with the postings in the general ledger by the Finance Department on a monthly basis. It is also recommended that the collections at the Bulky Garbage Disposal site be deposited within 48 hours of collection and that the tally sheets be adequately proven to the cash register tapes.

Management's Response

The Chief Financial Officer will work with the outside departments to create a monthly reporting format. The Chief Financial Officer will review the current procedures in place at the Bulky Garbage Disposal site and implement controls for the collection and timeliness of funds along with improved tally sheets and register tape proofs.

Corrective Action Plan

The Township has initiated a corrective action plan to resolve comments and recommendations from the 2011 audit report. Corrective action was implemented regarding recommendations 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, and 13 during 2012. Recommendations 7 and 12 are included in the current year recommendations and are in the process of being implemented.

TOWNSHIP OF STILLWATER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Township examine its policies and procedures in order to mitigate its segregation of duties finding.
2. Local Public Contract Law be adhered to in all cases.
3. The records of the township liens be reviewed and that measures be taken to collect or foreclose on the large number of liens
4. The Township maintain a cumulative listing of the Township's fixed assets.
5. All interfunds be liquidated by the Chief Financial Officer due to the potential restriction on Current Fund fund balance. Every effort should be made to limit and control the number of interfund transactions in the future.
6. The the policy for compensated absences be reviewed and modified to ensure that all employee accruals are being calculated accurately.
7. The outside offices prepare a standardized monthly report and that these reports be reconciled with the postings in the general ledger by the Finance Department on a monthly basis. It is also recommended that he collections at the Bulky Garbage Disposal site be deposited within 48 hours of collection and that the tally sheets be adequately proven to the cash register tapes.

* * * * *