

**LONG HILL TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LONG HILL TOWNSHIP BOARD OF EDUCATION  
LONG HILL TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Prepared by**

**LONG HILL TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

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## INTRODUCTORY SECTION

# THE LONG HILL TOWNSHIP BOARD OF EDUCATION

759 Valley Road  
Gillette, NJ 07933

**John Esposito**  
**Business Administrator**  
**Board Secretary**

**Phone 908-647-1200**  
**Fax 908-647-7818**  
**E-Mail [jesposito@longhill.org](mailto:jesposito@longhill.org)**

November 18, 2011

Honorable President and Members  
of the Board of Education  
Long Hill Township School District  
County of Morris  
Gillette, New Jersey 07933

Dear Board Members:

The comprehensive annual financial report of the Long Hill Township School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A - 133, Audits of State and Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04 - 04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditors' report on compliance and on internal control over financial reporting and compliance with requirements applicable to each major program and internal control over compliance, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Long Hill Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Long Hill Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for students qualifying for those services. The District's year-end enrollment for the 2010-11 fiscal year was 954 students, which is 77 students lower than the previous year's enrollment. Enrollment in the district is projected to decline over the next several years according to a demographic study that was compiled for the school district in March 2010.

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2010-11	954	(7.5%)
2009-10	1031	.02%
2008-09	1028	(3.47%)
2007-08	1065	(1.5%)
2006-07	1081	(2.9%)
2005-06	1113	(.01%)
2004-05	1118	1.91%
2003-04	1097	1.57%
2002-03	1080	4.05%
2001-02	1038	4.74%

**2) ECONOMIC CONDITION AND OUTLOOK:** Following the defeat of the district's budget for 2010-2011, the Long Hill Township Committee reduced tax revenue for the budget by \$250,000. The school district used Extraordinary Aid and an agreement from the Long Hill Education Association to contribute toward the cost of health benefits to compensate for this reduction. The economic climate continues to present a significant challenge to budget development and implementation. The district was fortunate to be able to present a budget for the 2011-2012 school year which reflected a net zero tax increase for the average homeowner in Long Hill Township. The district has been able to accumulate a 2% surplus, which is a dramatic improvement over the extremely low fund balance that had existed since 2007-2008. The budget, as reviewed and approved by the Executive County Superintendent, reflects numerous instances of shared services and joint purchasing to help reduce costs. The budget also met all of the efficiency standards established by the New Jersey Department of Education.

**3. MAJOR INITIATIVES:** During the 2010-2011 school year, the district implemented a new language arts series in grades 2 through 5. The district has continued its implementation of data driven instruction. Focus on this initiative allowed the district to attain Adequate Yearly Progress in both mathematics and language arts in all grade levels. The district replaced 200 computers and provided Smart Boards and document cameras to teachers to enhance instruction in the classroom. The district entered into a

professional learning community with the Watchung, Green Brook and Watchung Hills Regional School District to implement a curriculum mapping project to allow teachers to share curriculum information and resources.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control, including that portion related to the federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 1.

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2011 and the amount and percentages of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Inc./((Dec.) from 2009-10	
			Dollars	Percent
Local Sources:				
Tax Levy: General	\$13,607,499	83.15%	\$586,408	4.50%
Tax Levy: Debt Service	\$1,445,963	8.84%	(\$73,601)	-4.84%
State Aid	\$480,026	2.93%	(\$714,599)	-59.82%
Other	\$417,137	2.55%	\$197,297	89.75%
Federal Aid	\$414,337	2.53%	\$24,584	6.31%
Total	\$16,364,962	100.00%	\$20,089	0.12%

The increase in Local sources is primarily attributed to an increase in the local tax levy of \$512,807 to cover the decrease in state aid.

The following table presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2011:

Expense	Amount	Percent of Total	Inc./((Dec.) from 2009-10	
			Dollars	Percent
Current Expense	\$13,354,199	86.50%	(\$340,844)	-2.49%
Capital Outlay	\$145,194	0.94%	\$102,811	242.58%
Special Projects	\$493,288	3.20%	\$17,593	3.70%
Debt Service				
Principal	\$843,000	5.46%	(\$32,000)	-3.66%
Interest	\$602,963	3.91%	(\$41,601)	-6.45%
Total	\$15,438,644	100.00%	(\$294,041)	-1.87%

Note: Excludes “on-behalf” payments, lease purchase requisitions and capital projects. The increase in Current Expense is primarily due to increases in salaries, increased cost of health benefits and rising special education costs. The Debt Service decrease is due to a slight variation in the payment schedule for outstanding bonds.

**8) DEBT ADMINISTRATION:** At June 30, 2011, the District’s outstanding debt issues decreased from the previous year and totaled \$12,479,000 of general obligation bonds.

**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in “Notes to Financial Statements”, Notes 1 and 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in NJ, where the funds are secured in accordance with the Act.

**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in joint insurance workman’s compensation and health benefits trusts with other districts.

**11) OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, Jr. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The Auditors’ report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

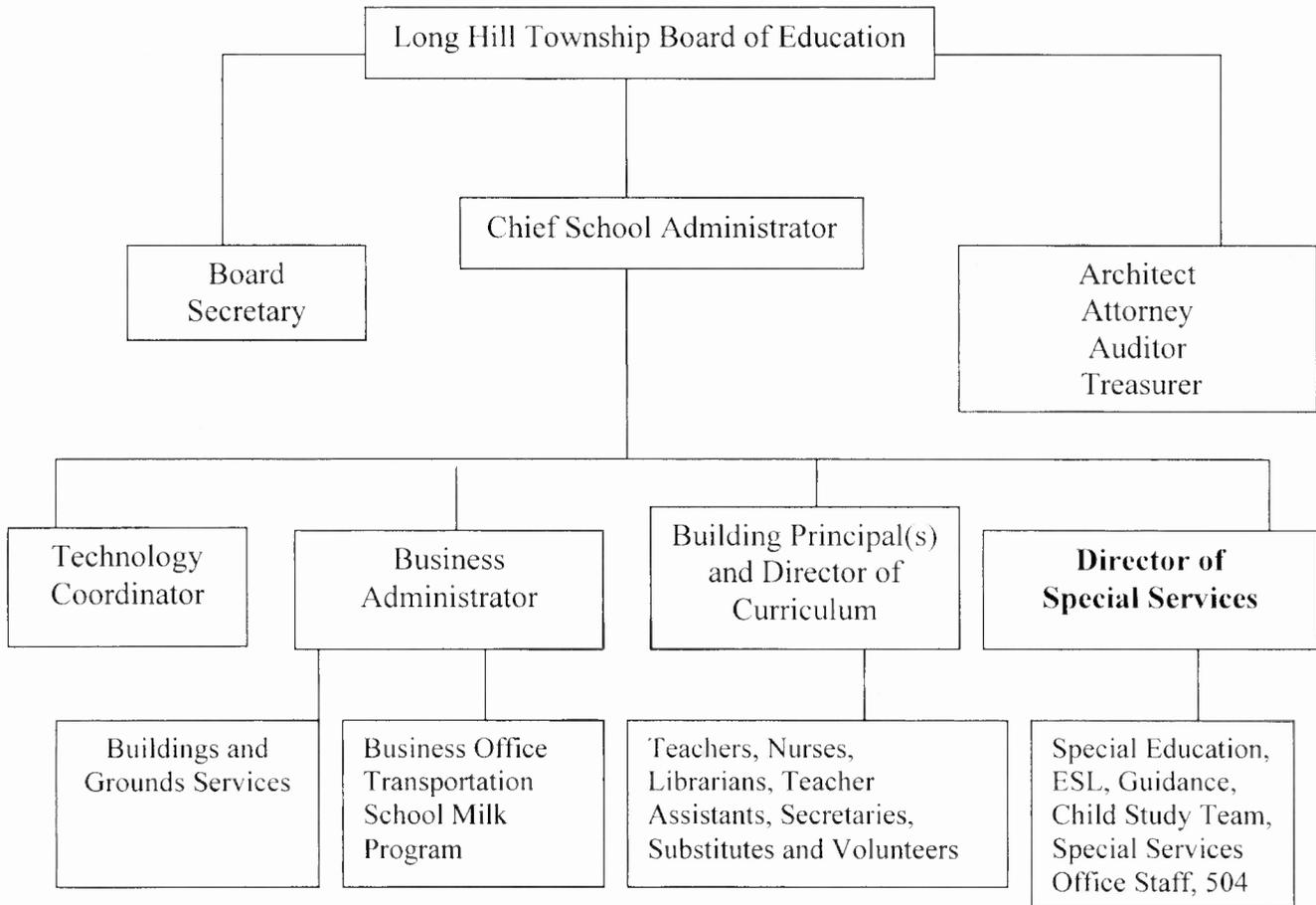
**12) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Long Hill Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

  
Rene Rovtar  
School Superintendent

  
John Esposito  
Business Administrator/Board Secretary

**ORGANIZATION CHART**



Notes:

Supervisor title also may be Coordinator  
 CST also may report directly to the CSA

Replaces all previously adopted policies

BOARD OF EDUCATION  
LONG HILL TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2011

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Lisa Scanlon , President	2013
Rita Barone, Vice President	2012
Robert Blocker	2014
Ralph Carbone, Sr.	2014
Bruce Meringolo	2014
Karen Ann Nyquist	2013
Brendan Rae	2012
John Russo	2013
Victor Verlezza	2012

OTHER OFFICIALS

Dr. Rene Rovtar, Superintendent of Schools

John Esposito, Business Administrator/Board Secretary

Joan C. Donat, Treasurer

Schwartz, Simon, Edelstein, Celso & Kessler – Legal Counsel

**Long Hill Township Board of Education  
Consultants and Advisors**

**Audit Firm**

William Colantano, Jr.  
100 Route 31 North  
Washington, NJ 07882

**Attorney**

Schwartz, Simon, Edelstein, Celso & Kessler  
44 Whippany Road  
P.O. Box 2355  
Morristown, NJ 07962-2355

**Official Depositories**

PNC Bank  
1057 Valley Road  
Stirling, NJ 07980

Municipal Investors Service Corp.  
113 King Street  
Armonk, NY 10504

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

November 18, 2011

Honorable President and  
Members of the Board of Education  
Long Hill Township School District  
County of Morris, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District in the County of Morris, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Long Hill Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Long Hill Township Board of Education in the County of Morris, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 2011 on our consideration of the Long Hill Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Long Hill Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

**REQUIRED SUPPLEMENTARY INFORMATION-PART I**

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT****MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

The discussion and analysis of Long Hill Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets increased \$1,222,135 from 2010.
- General revenues accounted for \$16,542,339 or 95.04 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$863,118 or 4.96 percent of total revenues of \$17,405,457.
- Total assets of governmental activities increased by \$517,112 as cash and cash equivalents increased by \$1,228,503, receivables and other assets decreased by \$188,580 and capital assets decreased by \$522,811.
- The School District had \$16,183,322 in expenses; only \$863,118 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,542,339 were adequate to provide for these programs.
- Among major funds, the General Fund had \$15,436,610 in revenues and \$14,438,403 in expenditures. The General Fund's balance increased \$998,207 over 2010.

## **Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Long Hill Township Public School District as a financial whole, an entire operation entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Long Hill Township Public School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

**Table 1**  
**Net Assets**

<b>Assets</b>	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
Current and Other Assets	\$2,464,103	\$1,444,486	\$1,019,617	70.59%
Capital Assets	\$32,556,110	\$33,078,921	(\$522,811)	-1.58%
<b>TOTAL ASSETS</b>	<b>\$35,020,213</b>	<b>\$34,523,407</b>	<b>\$496,806</b>	<b>1.44%</b>

<b>Liabilities</b>				
Long-term liabilities	\$12,977,065	\$13,735,535	(\$758,470)	-5.52%
Other liabilities	\$921,295	\$888,154	\$33,141	3.73%
<b>TOTAL LIABILITIES</b>	<b>\$13,898,360</b>	<b>\$14,623,689</b>	<b>(\$725,329)</b>	<b>-4.96%</b>

<b>Net Assets</b>				
Invested in Capital Assets, Net of Debt	\$20,077,110	\$19,756,921	\$320,189	1.62%
Restricted	\$909,154	\$74,582	\$834,572	1119.00%
Unrestricted	\$135,589	\$68,215	\$67,374	98.77%
<b>TOTAL NET ASSETS</b>	<b>\$21,121,853</b>	<b>\$19,899,718</b>	<b>\$1,222,135</b>	<b>6.14%</b>

Total assets increased \$496,806. Cash and cash equivalents increased by \$1,223,178, receivables and other assets decreased by (\$203,561) and capital assets decreased by (\$522,811.) Unrestricted net assets of the School District, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, increased by \$67,374.

Table 2 shows the changes in net assets from fiscal year 2010.

**Table 2**  
**Changes in Net Assets**

Revenues	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
Program Revenues:				
Charges for Service	\$362,023	\$88,618	\$273,405	308.52%
Operating Grants/Contributions	\$501,095	\$479,903	\$21,192	4.42%
General Revenues:				
Property Taxes	\$15,053,462	\$14,540,655	\$512,807	3.53%
Unrestricted Grants	\$1,411,610	\$2,052,300	(\$640,690)	-31.22%
Investment Income	\$3,360	\$5,745	(\$2,385)	-41.51%
Other	\$73,907	\$144,852	(\$70,945)	-48.98%
<b>TOTAL REVENUES</b>	<b>\$17,405,457</b>	<b>\$17,312,073</b>	<b>\$93,384</b>	<b>0.54%</b>
<b>Program Expenses</b>				
Instruction-Regular	\$5,852,056	\$5,603,517	\$248,539	4.44%
Instruction-Special Education	\$2,481,953	\$2,494,046	(\$12,093)	-0.48%
Extracurricular Activities	\$25,502	\$21,811	\$3,691	16.92%
Support Services:				
Tuition	\$645,210	\$804,488	(\$159,278)	-19.80%
Pupils and Instructional Staff	\$2,561,944	\$2,531,533	\$30,411	1.20%
General and Business Admin.	\$863,363	\$1,006,656	(\$143,293)	-14.23%
School Administration	\$767,969	\$764,940	\$3,029	0.40%
Operation/Maint. of Facilities	\$1,352,905	\$1,387,920	(\$35,015)	-2.52%
Pupil Transportation	\$943,042	\$1,071,804	(\$128,762)	-12.01%
Food Services-Milk Program	\$51,609	\$24,114	\$27,495	114.02%
Interest on Long term debt	\$637,769	\$635,426	\$2,343	0.37%
<b>TOTAL EXPENSES</b>	<b>\$16,183,322</b>	<b>\$16,346,255</b>	<b>(\$162,933)</b>	<b>-1.00%</b>
Increase (Decrease) Net Assets	\$1,222,135	\$965,818	\$256,317	26.54%

## Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 86.64 percent of revenues for governmental activities for the Long Hill Township Public School District for fiscal year 2011.

Instruction comprised 51.66 percent of district expenses. Support service expenses make up 44.40 percent of the expenses and interest expense equals 3.94 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Cost of Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2011	6/30/2010	6/30/2011	6/30/2010
Instruction	\$8,359,511	\$8,119,374	\$8,105,530	\$8,036,542
Support Services:				
Tuition	\$645,210	\$804,488	\$326,658	\$485,306
Pupils and Instructional Staff	\$2,561,944	\$2,531,533	\$2,396,006	\$2,395,002
General and Business Admin.	\$863,363	\$1,006,656	\$863,363	\$1,006,656
School Administration	\$767,969	\$764,940	\$767,969	\$7,649,940
Operation/Maint. of Facilities	\$1,352,905	\$1,387,920	\$1,327,305	\$1,387,920
Pupil Transportation	\$943,042	\$1,071,804	\$875,260	\$1,071,804
Food Services-Milk Program	\$51,609	\$24,114	\$20,344	(\$5,862)
Interest on Long term debt	\$637,769	\$635,426	\$637,769	\$635,426
<b>Total</b>	<b>\$16,183,322</b>	<b>\$16,346,255</b>	<b>\$15,320,204</b>	<b>\$22,662,734</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student. Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General Administration, school administration and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

The dependence upon tax revenues is apparent. For all activities general revenue support is 95.04 percent. The community, as a whole, is the primary support for the Long Hill Township Public School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,374,154 and expenditures of \$16,556,847. The net change in fund balance for the year was most significant in the General Fund, an increase of \$998,207. The School District is able to meet current operating costs with no urgent need for additional funds.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District used program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources was \$396,123 over original budgeted estimates of \$14,029,587. This difference was due primarily to additional state aid and tuition income.

The General fund revenues and other financing sources of the School district were over expenditures by \$926,317. The financial position of the School District continues to gain strength, and the Board and administration are still permitting only purchases of items essential to teaching and learning in order to maintain its fund balance.

### Capital Assets

At the end of the fiscal year 2011, the School District had \$32,556,110 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

**Table 4**  
**Capital Assets at Year End (Net of Depreciation)**

	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
Land	\$8,567,700	\$8,567,700	\$0	0.00%
Buildings and Improvements	\$23,837,530	\$24,429,832	(\$592,302)	-2.42%
Machinery and Equipment	\$98,656	\$79,364	\$19,292	24.31%
Transportation Equipment	\$52,224	\$2,025	\$50,199	2478.96%
<b>Total</b>	<b>\$32,556,110</b>	<b>\$33,078,921</b>	<b>(\$522,811)</b>	<b>-1.58%</b>

Overall capital assets decreased \$522,811 from fiscal year 2010 to fiscal year 2011. Increases in capital assets were offset by depreciation expenses for the year.

### Debt Administration

At June 30, 2011, the School District had \$12,916,648 as outstanding debt. Of this amount, \$437,648 is for compensated absences, and the balance of \$12,479,000 is for bonds for school construction.

At June 30, 2011, the School District's overall legal debt margin was \$54,824,044 and the unvoted debt margin was \$42,345,044.

**Table 5  
Outstanding Bonded Debt at June 30**

	6/30/2011	6/30/2010	Variance	
			Dollars	Percent
ISSUE				
1990 School Bond	\$0	\$228,000	(\$228,000)	-100.00%
2001 Refunding	\$1,215,000	\$1,630,000	(\$415,000)	-25.46%
2004 School Bond	\$11,264,000	\$11,464,000	(\$200,000)	-1.74%
<b>Total</b>	<b>\$12,479,000</b>	<b>\$13,322,000</b>	<b>(\$843,000)</b>	<b>-6.33%</b>

### **For the Future**

The Long Hill Township Public School is presently in good financial condition. A primary concern is keeping any budget increase low while maintaining excellence in the classroom. The district has been able to increase its capital and maintenance reserve accounts to keep its buildings safe. However, future finances are not without challenges as state mandates continue to grow and funding to schools is decreased.

Long Hill Township is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden. New legislation that limits the annual increase tax levy increase and restricts the flexibility of schools to develop and manage a fair and workable budget, was made into law in an attempt to control property taxes. Numerous other pieces of legislation are pending which will present a challenge to school administration to provide an excellent education within significant governmental constraints.

The Long Hill Township Public School District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact John Esposito, School Business Administrator/Board Secretary, Long Hill Township Board of Education, 759 Valley Road, Gillette, NJ 07933 or email at [jesposito@longhill.org](mailto:jesposito@longhill.org).

## BASIC FINANCIAL STATEMENTS

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Govern- mental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 1,280,398	\$ 1,223	\$ 1,281,621
Receivables, Net	207,886	982	208,868
Internal Balances	(8,840)	8,840	
Bond Issuance Costs, Net	64,460		64,460
Restricted Assets:			
Cash & Cash Equivalents	909,154		909,154
Capital Assets, Net (Note 4)	32,556,110		32,556,110
Total Assets	<u>35,009,168</u>	<u>11,045</u>	<u>35,020,213</u>
<b>LIABILITIES</b>			
Accounts Payable	602,185		602,185
Accrued Interest	258,481		258,481
Payable to Governments	943		943
Deferred Revenue	59,686		59,686
Long-Term Liabilities (Note 5):			
Due Within One Year	610,000		610,000
Due Beyond One Year	11,929,417		11,929,417
Compensated Absences Payable	437,648		437,648
Total Liabilities	<u>13,898,360</u>	<u>-</u>	<u>13,898,360</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	20,077,110		20,077,110
Restricted For:			
Capital Reserve	664,582		664,582
Maintenance Reserve	244,572		244,572
Unrestricted	<u>124,544</u>	<u>11,045</u>	<u>135,589</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 21,110,808</u>	<u>\$ 11,045</u>	<u>\$ 21,121,853</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
<b>Government Activities:</b>								
Instruction:								
Regular	\$ 4,228,345	\$ 1,623,711	\$ 16,130	\$ 5,393		\$ (5,830,533)		\$ (5,830,533)
Special Education	1,615,669	660,175	230,760	1,698		(2,043,386)		(2,043,386)
Other Special Education	146,722	59,387				(206,109)		(206,109)
Other Instruction	23,879	1,623				(25,502)		(25,502)
Support Services:								
Tuition	645,210			318,552		(326,658)		(326,658)
Students & Instruction Related Services	1,909,759	652,185		165,938		(2,396,006)		(2,396,006)
General & Business Administrative Services	644,609	218,754				(863,363)		(863,363)
School Administrative Services	548,036	219,933				(767,969)		(767,969)
Plant Operations & Maintenance	1,342,867	10,038	25,600			(1,327,305)		(1,327,305)
Pupil Transportation	943,042		67,782			(875,260)		(875,260)
Interest & Other Charges on Long-Term Debt	637,769					(637,769)		(637,769)
<b>Total Government Activities</b>	<b>12,685,907</b>	<b>3,445,806</b>	<b>340,272</b>	<b>491,581</b>	<b>\$ -</b>	<b>(15,299,860)</b>	<b>\$ -</b>	<b>(15,299,860)</b>
<b>Business-Type Activities:</b>								
Food Service-Milk Fund	51,609		21,751	9,514			(20,344)	(20,344)
<b>Total Primary Government</b>	<b>\$ 12,737,516</b>	<b>\$ 3,445,806</b>	<b>\$ 362,023</b>	<b>\$ 501,095</b>	<b>\$ -</b>	<b>(15,299,860)</b>	<b>(20,344)</b>	<b>(15,320,204)</b>
<b>General Revenues</b>								
						13,607,499		13,607,499
						1,445,963		1,445,963
						1,411,610		1,411,610
						3,322	38	3,360
						3,365		3,365
						70,542		70,542
						16,542,301	38	16,542,339
						1,242,441	(20,306)	1,222,135
						19,868,367	31,351	19,899,718
						\$ 21,110,808	\$ 11,045	\$ 21,121,853

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 1,262,762	\$ 17,636			\$ 1,280,398
Receivables from Other Governments:					
State	182,743				182,743
Federal		22,168			22,168
Other Receivables	1,750	1,225			2,975
Restricted Cash & Cash Equivalents	909,154				909,154
<b>TOTAL ASSETS</b>	<b>\$ 2,356,409</b>	<b>\$ 41,029</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,397,438</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 602,185				\$ 602,185
Due to Other Funds	8,840				8,840
Payable to Governments:					
Federal		\$ 943			943
Deferred Revenue	19,600	40,086			59,686
<b>Total Liabilities</b>	<b>\$ 630,625</b>	<b>\$ 41,029</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 671,654</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 664,582				\$ 664,582
Maintenance Reserve Account	244,572				244,572
Excess Surplus-Designated for Subsequent Year's Expenditures	100,000				100,000
Committed Fund Balance:					
Year End Encumbrances	184,219				184,219
Assigned Fund Balance-Designated for Subsequent Year's Expenditures					
Expenditures	115,165				115,165
Unassigned Fund Balance	417,246				417,246
Total Fund Balances	<u>1,725,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,725,784</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,356,409</u>	<u>\$ 41,029</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 39,591,615  
7,035,505

32,556,110

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

(12,977,065)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

(258,481)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is

145,697  
81,237

64,460

Total Net Assets of Governmental Activities

\$ 21,110,808

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 13,607,499			\$ 1,445,963	\$ 15,053,462
Tuition Charges-Other LEAs	230,760				230,760
Tuition Charges-Individual Students	16,130				16,130
Interest on Investments	3,322				3,322
Miscellaneous	167,289	\$ 3,000			170,289
<b>Total</b>	<b>14,025,000</b>	<b>3,000</b>	<b>\$ -</b>	<b>1,445,963</b>	<b>15,473,963</b>
State Sources	1,411,610	75,951			1,487,561
Federal Sources		412,630			412,630
<b>Total Revenues</b>	<b>15,436,610</b>	<b>491,581</b>	<b>-</b>	<b>1,445,963</b>	<b>17,374,154</b>
<b>EXPENDITURES</b>					
Current :					
Instructional:					
Regular Instruction	4,347,113	5,393			4,352,506
Special Education Instruction	1,613,971	1,698			1,615,669
Other Special Instruction	146,722				146,722
Other Instruction	23,879				23,879
Support Service & Undistributed Costs:					
Tuition	326,658	318,552			645,210
Student & Instruction Related Services	1,743,821	165,938			1,909,759
General & Business Administrative Services	644,609				644,609
School Administrative Services	548,036				548,036
Plant Operations & Maintenance	1,342,867				1,342,867
Pupil Transportation	943,042				943,042
Unallocated Benefits	2,727,955				2,727,955

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 108,856				\$ 108,856
Debt Service:					
Principal				\$ 843,000	843,000
Interest & Other Charges	39,703			602,963	642,666
Total Expenditures	<u>14,557,232</u>	<u>\$ 491,581</u>	<u>\$ -</u>	<u>1,445,963</u>	<u>16,494,776</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>879,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,378</u>
Other Financing Sources (Uses):					
Capital Leases	180,900				180,900
Operating Transfers (Out)	(62,071)				(62,071)
Total Other Financing Sources (Uses)	<u>118,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,829</u>
Net Change in Fund Balance	998,207	-	-	-	998,207
Fund Balances, July 1	<u>727,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,577</u>
Fund Balances, June 30	<u>\$ 1,725,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,725,784</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	998,207
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital Outlays	\$ 108,856	
Depreciation Expense	<u>(631,667)</u>	(522,811)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Debt Principal Payments	843,000	
Capital Lease Payments	<u>120,483</u>	963,483
Proceeds from debt issues are a financing sources in the governmental funds. They are not revenue in the statement of activities. The issuance of debt increase long-term liabilities in the statement of net assets:		
Proceeds of Capital Leases		(180,900)
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Issuance Costs		(8,880)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		17,455
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(24,113)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>1,242,441</u></u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	<u>Milk Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,223
Receivables from Other Governments:	
Federal	982
Interfund Receivable	8,840
Total Current Assets	<u>11,045</u>
Noncurrent Assets:	
Capital Assets	3,906
Less: Accumulated Depreciation	3,906
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>11,045</u>
NET ASSETS	
Unrestricted	<u>11,045</u>
TOTAL NET ASSETS	<u>\$ 11,045</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Milk Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 21,751
Total Operating Revenues	<u>21,751</u>
Other Expenses:	
Cost of Sales	21,339
Salaries	11,931
Supplies and Materials	18,339
Total Operating Expenses	<u>51,609</u>
Operating Income (Loss)	<u>(29,858)</u>
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	9,514
Interest Earned on Investments	38
Total Nonoperating Revenues (Expenses)	<u>9,552</u>
Change in Net Assets	(20,306)
Net Assets, Beginning	<u>31,351</u>
Net Assets, Ending	<u>\$ 11,045</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Milk Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 21,751
Payments to Vendors (Net)	(51,609)
Net Cash Provided by (Used For) Operating Activities	<u>(29,858)</u>
Cash Flows from Noncapital Financing Activities:	
Interfund Receivable	24,495
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>24,495</u>
Cash Flows from Capital Financing Activities:	
Interest Earned on Investments	38
Net Cash Flows from Capital Financing Activities	<u>38</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,325)
Cash and Cash Equivalents, July 1, 2010	<u>6,548</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 1,223</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (29,858)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (29,858)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 32,852	\$ 69,899	\$ 23,743
Interfund Receivable	11,367		
TOTAL ASSETS	<u>44,219</u>	<u>\$ 69,899</u>	<u>\$ 23,743</u>
LIABILITIES			
Interfund Payable			\$ 11,367
Accounts Payable	14,343		
Due to Student Groups		\$ 69,899	
Payroll Deductions & Withholdings			12,376
TOTAL LIABILITIES	<u>14,343</u>	<u>\$ 69,899</u>	<u>\$ 23,743</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 29,876</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Fund
	<u>                    </u>
ADDITIONS	
Contributions:	
Plan Members	\$ 11,367
Investment Earnings-Interest	35
Total Additions	<u>11,402</u>
DEDUCTIONS	
Unemployment Claims	<u>66,811</u>
	(55,409)
Other Financing Sources:	
Transfer from General Fund	<u>62,071</u>
Change in Net Assets	6,662
Net Assets, Beginning of the Year	<u>23,214</u>
Net Assets, End of the Year	<u><u>\$ 29,876</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Long Hill Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2011 of 954 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Milk Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

D. Budgets/Budgetary Control (Cont'd)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2010-2011 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Land values are recorded based on information provided by the Township.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicles	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011 consists of the following:

Capital Reserve	\$	664,582
Maintenance Reserve		<u>244,572</u>
	\$	<u>909,154</u>

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash and Cash Equivalents		<u>\$ 2,316,269</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 2,189,552
Enterprise Fund, Statement of Net Assets	B-4	1,223
Fiduciary Funds, Statement of Net Assets	B-7	<u>125,494</u>
Total Cash and Cash Equivalents		<u>\$ 2,316,269</u>

Deposits – The District's carrying amount of bank deposits and investments at June 30, 2011 is \$2,316,269 and the bank balance is \$2,809,499. Of the bank balance, \$250,000 is covered by federal depository insurance and \$2,559,499 is insured by GUDPA.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)**

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,567,700	\$ -0-	\$ -0-	\$ 8,567,700
Capital Assets, Being Depreciated:				
Building & Improvements	30,360,931			30,360,931
Furniture & Equipment	516,088	55,541		571,629
Vehicles	38,040	53,315		91,355
<b>Total</b>	<u>30,915,059</u>	<u>108,856</u>	<u>-0-</u>	<u>31,023,915</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Accumulated Depreciation:				
Building & Improvements	\$ 5,931,099	\$ 592,302		\$ 6,523,401
Furniture & Equipment	436,724	36,249		472,973
Vehicles	36,015	3,116		39,131
Total	<u>6,403,838</u>	<u>631,667</u>	<u>\$ -0-</u>	<u>7,035,505</u>
Total Capital Assets, Being Depreciated, Net	<u>24,511,221</u>	<u>(522,811)</u>	<u>-0-</u>	<u>23,988,410</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,078,921</u>	<u>\$ (522,811)</u>	<u>\$ -0-</u>	<u>\$ 32,556,110</u>
Business-Type Activities:				
Furniture & Equipment	\$ 3,906			\$ 3,906
Less: Accum Depreciation	<u>3,906</u>			<u>3,906</u>
Business-Type Activities Capital Assets, Net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 295,754
Special Education	109,785
Other Special Instruction	9,970
Co-Curricular Activities	1,623
Support Services:	
Student & Instruction	129,769
General & Business Admin	43,801
School Administration	37,239
Plant & Maintenance	<u>3,726</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 631,667</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 13,322,000		\$ 843,000	\$ 12,479,000	\$ 610,000
Obligations Under Capital Leases		\$ 180,900	120,483	60,417	
Compensated Absences Payable	413,535	30,638	6,525	437,648	
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 13,735,535</u></b>	<b><u>\$ 211,538</u></b>	<b><u>\$ 970,008</u></b>	<b><u>\$ 12,977,065</u></b>	<b><u>\$ 610,000</u></b>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 610,000	\$ 569,667	\$ 1,179,667
2013	705,000	539,142	1,244,142
2014	800,000	504,380	1,304,380
2015	500,000	466,380	966,380
2016	520,000	443,880	963,880
2017-2021	2,980,000	1,845,900	4,825,900
2021-2025	3,715,000	1,112,175	4,827,175
2026-2029	2,649,000	241,740	2,890,740
<b>Total</b>	<b><u>\$ 12,479,000</u></b>	<b><u>\$ 5,723,264</u></b>	<b><u>\$ 18,202,264</u></b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds – General obligation school building bonds at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$4,855,000 - 2001 general obligation refunding bonds, interest from 2.40% to 4.42% due in annual installments beginning Feb 1, 2002 through Feb 1, 2014	\$ 1,215,000
\$12,164,000 - 2005 general obligation school building bonds, interest at 4.50% due in annual installments beginning Jan 15, 2006 through Jan 15, 2029	<u>11,264,000</u>
	<u>\$ 12,479,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$54,824,044. General obligation debt at June 30, 2011 is \$12,479,000, resulting in a legal debt margin of \$42,345,044.

Lease Payable

The district is leasing computer equipment and supplies totaling \$180,900 under a capital lease. The following is a schedule of the future minimum lease payments under the capital lease and the net minimum lease payment at June 30, 2011.

<u>Year Ending June 30,</u>	<u>General Fund</u>
2013	\$ 62,080
Amount Representing Interest	<u>1,663</u>
Present Value of Minimum Lease Payment	<u>\$ 60,417</u>

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pension and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/11	\$ 461,584	100%
06/30/10	445,758	100%
06/30/09	440,013	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 146,794	100%
06/30/10	138,103	100%
06/30/09	70,361	100%

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

During the year ended June 30, 2011, the State of New Jersey contributed \$440,829 to the TPAF for post-retirement medical benefits and \$20,755 for non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$474,061 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

**NOTE 7. POST-RETIREMENT BENEFITS**

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Ch 126 benefits for 14,050 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The School District 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 NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. 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 SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the 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, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 7. POST-RETIREMENT BENEFITS**

**Funding Policy**-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. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

**NOTE 8. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable Life Assurance Lincoln Investments	Valic Great American Insurance
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**NOTE 9. INTERFUND RECEIVABLE AND PAYABLES**

The composition of Interfund balances as of June 30, 2011 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 8,840	\$ 8,840
Enterprise Fund	\$ 8,840	\$ 8,840

The balance due to the Enterprise Fund by the General Fund represents Milk Fund aid received in the General Fund not yet disbursed to the Milk Fund.

**NOTE 10. CONTINGENT LIABILITIES**

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

**NOTE 11. RISK MANAGEMENT**

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**NOTE 11. RISK MANAGEMENT (Cont'd)**

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 62,071	\$ 35	\$ 11,367	\$ 66,811	\$ 29,876
2009-2010	161,436	66	11,770	187,146	23,214
2008-2009	-0-	507	22,359	56,578	37,088

**NOTE 12. LEGAL RESERVE ACCOUNTS**

A capital reserve account was established by the District by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this statute, the District deposited \$650,000 to the Capital Reserve Account and \$244,572 to the Maintenance Reserve Account.

The following is a summarization of the Legal Reserve Accounts for the Current year.

<u>Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Return of Unused With- drawal</u>	<u>With- drawal</u>	<u>Ending Balance</u>
Capital	\$ 74,582	\$ 650,000			\$ 60,000	\$ 664,582
Maintenance		244,572				244,572
<b>Totals</b>	<u>\$ 74,582</u>	<u>\$ 894,572</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 60,000</u>	<u>\$ 909,154</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2011  
 (Continued)

**NOTE 13. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 664,582	\$ 74,582
Maintenance Reserve Account-Represents funds restricted for the required maintenance of a school facility	244,572	
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	100,000	
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	184,219	179,981
Assigned:		
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	115,165	157,526
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>429,975</u>	<u>400,107</u>
Total Fund Balance	<u>\$ 1,738,513</u>	<u>\$ 812,196</u>

**NOTE 14. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$100,000.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 13,607,499		\$ 13,607,499	\$ 13,607,499	
Tuition-Other LEAs	50,000		50,000	230,760	\$ 180,760
Tuition-Individuals				16,130	16,130
Transportation-Individuals				67,782	67,782
Interest on Investments				3,322	3,322
Miscellaneous-Unrestricted	128,000		128,000	96,142	(31,858)
<b>Total</b>	<b>13,785,499</b>	<b>\$ -</b>	<b>13,785,499</b>	<b>14,021,635</b>	<b>236,136</b>
State Sources:					
Categorical Special Education Aid	244,088		244,088	244,088	
Extraordinary Aid				144,849	144,849
Non-Public Transportation Aid				15,138	15,138
On-Behalf TPAF Payments				461,584	461,584
Reimb TPAF Social Security Contribution				474,061	474,061
<b>Total</b>	<b>244,088</b>	<b>-</b>	<b>244,088</b>	<b>1,339,720</b>	<b>1,095,632</b>
<b>TOTAL REVENUES</b>	<b>\$ 14,029,587</b>	<b>\$ -</b>	<b>\$ 14,029,587</b>	<b>\$ 15,361,355</b>	<b>\$ 1,331,768</b>
<b>EXPENDITURES</b>					
Current:					
Instruction-Regular Program:					
Salaries for Teachers:					
Kindergarten	\$ 137,855	\$ 6,000	\$ 143,855	\$ 143,855	
Grades 1-5	1,893,118	(42,000)	1,851,118	1,851,118	
Grades 6-8	1,453,952	83,714	1,537,666	1,537,666	
Home Instruction	500	10,700	11,200	11,200	
Regular Program-Undistributed Instruction:					
Purchased Technical Services	103,256	(19,976)	83,280	73,859	\$ 9,421
Other Purchased Services	163,000	46,010	209,010	182,847	26,163
General Supplies	173,234	164,919	338,153	203,380	134,773
Textbooks	55,790	142,844	198,634	162,189	36,445
Other Objects	2,100		2,100	99	2,001
<b>Total</b>	<b>3,982,805</b>	<b>392,211</b>	<b>4,375,016</b>	<b>4,166,213</b>	<b>208,803</b>
Special Education:					
Learning and/or Language Disabilities:					
Salaries for Teachers	214,715	15,000	229,715	225,715	4,000
Other Salaries for Instruction	67,070	9,369	76,439	74,570	1,869
<b>Total</b>	<b>281,785</b>	<b>24,369</b>	<b>306,154</b>	<b>300,285</b>	<b>5,869</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education: (cont'd)					
Auditory Impairments:					
General Supplies	\$ -	\$ 18,320	\$ 18,320	\$ 18,073	\$ 247
Multiple Disabilities-STAR Program:					
General Supplies		12,167	12,167	5,415	6,752
Equipment		2,732	2,732	2,732	
Total	-	14,899	14,899	8,147	6,752
Resource Room/Center:					
Salaries for Teachers	838,867	94,000	932,867	932,867	
General Supplies	10,905	5,400	16,305	13,808	2,497
Textbooks	400	(400)			
Total	850,172	99,000	949,172	946,675	2,497
Autism:					
Salaries for Teachers	57,767	86,201	143,968	143,424	544
Other Salaries for Instruction	65,613	25,000	90,613	90,613	
General Supplies	1,183	1,000	2,183	1,638	545
Total	124,563	112,201	236,764	235,675	1,089
Pre-School Disabilities-Part Time:					
Salaries for Teachers	130,332	(65,000)	65,332	65,332	
Other Salaries for Instruction	63,737	(28,000)	35,737	35,737	
General Supplies	2,695	800	3,495	3,129	366
Total	196,764	(92,200)	104,564	104,198	366
Home Instruction:					
Salaries for Teachers	1,000	-	1,000	918	82
Total Special Education	1,454,284	176,589	1,630,873	1,613,971	16,902
Basic Skills/Remedial:					
Salaries for Teachers	142,384	(52,914)	89,470	89,470	
General Supplies	900	7,000	7,900	7,825	75
Total	143,284	(45,914)	97,370	97,295	75
Bilingual Education:					
Salaries for Teachers	49,170		49,170	49,170	
Other Purchased Services	550		550	257	293
General Supplies	972		972		972
Total	50,692	-	50,692	49,427	1,265
School Sponsored Cocurricular Activities:					
Salaries	3,500	(3,500)			
Purchased Services	2,300	6,678	8,978	8,978	
General Supplies		51	51	51	
Other Objects	275	(275)			
Total	6,075	2,954	9,029	9,029	-

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
School Sponsored Athletics:					
Salaries		\$ 6,485	\$ 6,485	\$ 6,485	
Purchased Services		7,213	7,213	7,213	
Supplies & Materials		1,152	1,152	1,152	
Total	\$ -	14,850	14,850	14,850	\$ -
Total Instruction Regular	\$ 5,637,140	\$ 540,690	\$ 6,177,830	\$ 5,950,785	\$ 227,045
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within the State Special	\$ 300,091	\$ (133,042)	\$ 167,049	\$ 146,082	\$ 20,967
Tuition to Private School Disabled Within State	479,225	(288,686)	190,539	180,576	9,963
Total	779,316	(421,728)	357,588	326,658	30,930
Health Services:					
Salaries	256,884	6,500	263,384	262,374	1,010
Purchased Professional & Technical Services	5,800	(500)	5,300	2,772	2,528
Supplies & Materials	1,677	5,463	7,140	5,922	1,218
Total	264,361	11,463	275,824	271,068	4,756
Speech, Occup Therp, Phy Therp & Related Services:					
Salaries	247,882	23,000	270,882	270,882	
Purchased Professional Educational Services	53,800	25,532	79,332	60,686	18,646
Supplies & Materials	3,131		3,131	2,470	661
Total	304,813	48,532	353,345	334,038	19,307
Other Support Services-Students-Extra Services:					
Salaries	251,316	67,964	319,280	319,280	
Purchased Professional Educational Services	98,400	(1,110)	97,290	78,060	19,230
Supplies & Materials	2,145		2,145	1,843	302
Total	351,861	66,854	418,715	399,183	19,532
Guidance:					
Salaries of Other Professional Staff	139,165		139,165	139,165	
Other Purch Professional & Technical Services	5,280	6,081	11,361	4,724	6,637
Other Purchased Services	1,000		1,000		1,000
Supplies & Materials	2,970	(603)	2,367	640	1,727
Total	148,415	5,478	153,893	144,529	9,364
Child Study Team:					
Salaries of Other Professional Staff	283,142	(4,000)	279,142	278,142	1,000
Salaries for Secretaries & Clerical Assistants	93,852		93,852	92,229	1,623
Purchased Professional Educational Services	75,000	4,400	79,400	59,878	19,522
Other Purchased Professional & Technical Service	12,000	(3,000)	9,000	4,296	4,704
Miscellaneous Purchased Services	11,580	(806)	10,774	4,515	6,259
Supplies & Materials	8,767		8,767	5,858	2,909
Total	484,341	(3,406)	480,935	444,918	36,017

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 55,050	\$ 1,500	\$ 56,550	\$ 54,030	\$ 2,520
Salaries of Other Professional Staff	10,629	(1,500)	9,129		9,129
Other Purchased Services	900		900		900
Total	66,579	-	66,579	54,030	12,549
Educational Media Service for School Library:					
Salaries	54,763	23,457	78,220	78,220	
Purchased Professional & Technical Services	2,200		2,200	1,296	904
Other Purchased Services	500	1,000	1,500	1,070	430
Supplies & Materials	21,047		21,047	15,469	5,578
Total	78,510	24,457	102,967	96,055	6,912
Support Services General Administration:					
Salaries	206,725	(3,600)	203,125	202,767	358
Legal Services	30,000	5,394	35,394	14,106	21,288
Audit Fees	24,000		24,000	23,150	850
Purchased Professional Technical Services		5,450	5,450	5,450	
Communications & Telephone	76,100	(30,581)	45,519	39,392	6,127
Board of Education Other Purchased Services	7,250	4,000	11,250	7,063	4,187
Other Purchased Services	2,500	(2,500)			
Miscellaneous Expenditures	3,900		3,900	1,859	2,041
General Supplies	8,845	(4,000)	4,845	4,000	845
Board of Education Membership Dues & Fees	11,000	(340)	10,660	7,941	2,719
Total	370,320	(26,177)	344,143	305,728	38,415
Support Services School Administration:					
Salaries of Principals & Assistant Principals	290,312	10,000	300,312	300,312	
Salaries of Secretaries & Clerical Assistants	217,746		217,746	217,746	
Purchased Professional & Technical Services		19,735	19,735	19,335	400
Other Purchased Services	3,430		3,430	1,301	2,129
Supplies & Materials	12,910	(1,000)	11,910	4,732	7,178
Other Objects	9,000		9,000	4,610	4,390
Totals	533,398	28,735	562,133	548,036	14,097
Central Services:					
Salaries	237,988	(2,189)	235,799	235,799	
Purchased Professional Services	1,500	(775)	725	725	
Supplies & Materials	4,000	3,389	7,389	7,389	
Miscellaneous Expenditures	2,000	(96)	1,904	1,904	
Total	245,488	329	245,817	245,817	-
Administrative Information Technology:					
Salaries	\$ 84,771	\$ 6,950	\$ 91,721	\$ 91,721	
Supplies and Materials		87	87	87	
Other Objects	2,800	(1,486)	1,314	1,256	58
Total	87,571	5,551	93,122	93,064	58

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Required Maintenance for School Facilities:					
Salaries	\$ 82,249	\$ 53,776	\$ 136,025	\$ 120,473	\$ 15,552
Cleaning, Repair & Maintenance Serv	56,760	29,562	86,322	60,243	26,079
Total	139,009	83,338	222,347	180,716	41,631
Custodial Services:					
Salaries	10,033	2,000	12,033		12,033
Purchased Professional & Technical Serv	732,000	(5,295)	726,705	724,387	2,318
Cleaning Repair & Maintenance Services	5,000		5,000	4,820	180
Other Purchased Property Services	28,500	500	29,000	26,223	2,777
Insurance	86,774	(18,734)	68,040	68,040	
Miscellaneous Purchased Services	2,000	30,000	32,000	16,573	15,427
General Supplies	2,500		2,500		2,500
Energy (Electricity)	450,000		450,000	322,108	127,892
Total	1,316,807	8,471	1,325,278	1,162,151	163,127
Student Transportation Services:					
Contracted Services ( Between Home & School)-Vendors	564,928	(3,586)	561,342	507,629	53,713
Contracted Services (Special Education Students)-Joint Agreement	551,594	(62,080)	489,514	393,762	95,752
Contr Services-Aid In Lieu of Payments	41,625	3,586	45,211	41,651	3,560
Total	1,158,147	(62,080)	1,096,067	943,042	153,025
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	165,000	1	165,001	108,244	56,757
Other Retirement Contributions-PERS	150,000	(3,206)	146,794	146,794	
Workmen's Compensation	66,000	(5,894)	60,106	60,106	
Unemployment Compensation	125,000	(125,000)			
Health Benefits	1,512,464	(53,732)	1,458,732	1,423,982	34,750
Tuition Reimbursement	33,870		33,870	26,638	7,232
Other Employee Benefits	132,000	(70,733)	61,267	26,546	34,721
Total	2,184,334	(258,564)	1,925,770	1,792,310	133,460
On-Behalf TPAF Payments				461,584	(461,584)
Reimbursed TPAF Social Security Contrib				474,061	(474,061)
Total	-	-	-	935,645	(935,645)
Total Undistributed Expenditures	\$ 8,513,270	\$ (488,747)	\$ 8,024,523	\$ 8,276,988	\$ (252,465)
TOTAL CURRENT	\$ 14,150,410	\$ 51,943	\$ 14,202,353	\$ 14,227,773	\$ (25,420)
CAPITAL OUTLAY					
Equipment:					
Grades 6 to 8		\$ 3,899	\$ 3,899	\$ 3,899	
Multiple Disabilities		15,000	15,000	4,565	\$ 10,435
Auditory Impairments	\$ 15,000	(3,899)	11,101		11,101
Non Instructional Equipment	15,000	29,122	44,122	40,182	3,940
Maintenance Equipment	27,000	29,845	56,845	56,845	
Total	57,000	73,967	130,967	105,491	25,476
Facilities Acquisition & Construction Services					
Other Objects	39,703	-	39,703	39,703	-

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
CAPITAL OUTLAY (Cont'd)					
Assets Acquired Under Capital Leases:					
Computer Equipment & Supplies	\$ -	\$ -	\$ -	\$ 180,900	\$ (180,900)
TOTAL CAPITAL OUTLAY	96,703	73,967	170,670	326,094	(155,424)
TOTAL EXPENDITURES	<u>\$ 14,247,113</u>	<u>\$ 125,910</u>	<u>\$ 14,373,023</u>	<u>\$ 14,553,867</u>	<u>\$ (180,844)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (217,526)	\$ (125,910)	\$ (343,436)	\$ 807,488	\$ 1,150,924
Other Financing Sources (Uses):					
Capital Leases (Non-Budgeted)				180,900	180,900
Transfer Out-Unemployment Fund		(62,071)	(62,071)	(62,071)	
	-	(62,071)	(62,071)	118,829	180,900
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(217,526)	(187,981)	(405,507)	926,317	1,331,824
Fund Balances, July 1	812,196		812,196	812,196	
Fund Balances, June 30	<u>\$ 594,670</u>	<u>\$ (187,981)</u>	<u>\$ 406,689</u>	<u>\$ 1,738,513</u>	<u>\$ 1,331,824</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (179,981)	\$ (179,981)	\$ (179,981)	
Increase in Capital Reserve		650,000	650,000	650,000	
Increase in Maintenance Reserve		244,572	244,572	244,572	
Decrease in Capital Reserve	\$ (60,000)		(60,000)	(60,000)	
Budgeted Fund Balance	(157,526)	(902,572)	(1,060,098)	271,726	\$ 1,331,824
TOTAL	<u>\$ (217,526)</u>	<u>\$ (187,981)</u>	<u>\$ (405,507)</u>	<u>\$ 926,317</u>	<u>\$ 1,331,824</u>
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve				\$ 664,582	
Maintenance Reserve				244,572	
Excess Surplus:					
Current Year-Designated for 2012-2013 Budget				100,000	
					\$ 1,009,154
Committed Fund Balance:					
Year End Encumbrances					184,219
Assigned Fund Balance-Designated for Subsequent Year's Expenditures					115,165
Unassigned Fund Balance					429,975
					<u>1,738,513</u>
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(12,729)
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 1,725,784</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

LONG HILL TOWNSHIP SCHOOL DISTRICT  
EDUCATION JOBS FUND PROGRAM  
AMERICAN RECOVERY AND REINVESTMENT ACT-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 5,700	\$ 14,986	\$ 20,686	\$ 3,000	\$ (17,686)
State Sources	76,844	2,534	79,378	75,951	(3,427)
Federal Sources	278,056	153,199	431,255	414,338	(16,917)
TOTAL REVENUES	<u>\$ 360,600</u>	<u>\$ 170,719</u>	<u>\$ 531,319</u>	<u>\$ 493,289</u>	<u>\$ (38,030)</u>
EXPENDITURES					
Instruction:					
Salaries for Teachers		\$ 1,897	\$ 1,897		\$ 1,897
General Supplies	\$ 12,287	8,130	20,417	\$ 7,091	13,326
Totals	<u>12,287</u>	<u>10,027</u>	<u>22,314</u>	<u>7,091</u>	<u>15,223</u>
Support Services:					
Purchased Professional Educational Services	26,372	33,767	60,139	60,139	
Other Purchased Professional Services	76,844		76,844	75,351	1,493
Other Purchased Services	23,474	12,308	35,782	32,155	3,627
Tuition	221,623	96,930	318,553	318,553	
Total	<u>348,313</u>	<u>143,005</u>	<u>491,318</u>	<u>486,198</u>	<u>5,120</u>
Capital Outlay:					
Instructional Equipment	-	17,687	17,687	-	17,687
TOTAL EXPENDITURES	<u>\$ 360,600</u>	<u>\$ 170,719</u>	<u>\$ 531,319</u>	<u>\$ 493,289</u>	<u>\$ 38,030</u>

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 15,361,355	\$ 493,289
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Prior Year		350
Outstanding Encumbrances Current Year		(2,058)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	84,619	
State Aid Receivable Current Year	(12,729)	
Donations of capital assets are not recognized for budgetary purposes but are treated as revenues and additional expenditures for GAAP purposes:		
Donation Received	<u>3,365</u>	
Total Revenues (GAAP Basis)	<u>\$ 15,436,610</u>	<u>\$ 491,581</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 14,553,867	\$ 493,289
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Prior Year		350
Outstanding Encumbrances Current Year		(2,058)
Donations of capital assets are not recognized for budgetary purposes but are treated as revenues and additional expenditures for GAAP purposes:		
Capital Assets Acquired	<u>3,365</u>	
Total Expenditures (GAAP Basis)	<u>\$ 14,557,232</u>	<u>\$ 491,581</u>

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**  
(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NCLB IIA & IV	ARRA IDEA Basic	ARRA IDEA Pre-School	IDEA Basic	IDEA Pre-School	NJ Non-Public Grants	NJ Non-Public 192 / 193	Character Education	PTO & Donations	Total
<b>REVENUES</b>										
Local Sources									\$ 3,000	\$ 3,000
State Sources						\$ 23,720	\$ 51,631	\$ 600		75,951
Federal Sources	\$ 33,948	\$ 132,393	\$ 2,858	\$ 233,237	\$ 11,902					414,338
<b>TOTAL REVENUES</b>	<b>\$ 33,948</b>	<b>\$ 132,393</b>	<b>\$ 2,858</b>	<b>\$ 233,237</b>	<b>\$ 11,902</b>	<b>\$ 23,720</b>	<b>\$ 51,631</b>	<b>\$ 600</b>	<b>\$ 3,000</b>	<b>\$ 493,289</b>
<b>EXPENDITURES</b>										
Instruction:										
General Supplies	\$ 1,793	\$ 1,698						\$ 600	\$ 3,000	\$ 7,091
Total	1,793	1,698	\$ -	\$ -	\$ -	\$ -	\$ -	600	3,000	7,091
Support Services:										
Purchased Professional Educat Serv		33,765	2,858	23,516						60,139
Other Purchased Professional Services						23,720	51,631			75,351
Other Purchased Services	32,155									32,155
Tuition		96,930		209,721	11,902					318,553
Total	32,155	130,695	2,858	233,237	11,902	23,720	51,631	-	-	486,198
<b>TOTAL EXPENDITURES</b>	<b>\$ 33,948</b>	<b>\$ 132,393</b>	<b>\$ 2,858</b>	<b>\$ 233,237</b>	<b>\$ 11,902</b>	<b>\$ 23,720</b>	<b>\$ 51,631</b>	<b>\$ 600</b>	<b>\$ 3,000</b>	<b>\$ 493,289</b>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

**PROPRIETARY FUND**

**DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
MILK SERVICE ENTERPRISE FUND  
JUNE 30, 2011

	<u>Milk Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,223
Receivables from Other Governments:	
Federal	982
Interfund Receivable	8,840
Total Current Assets	<u>11,045</u>
Noncurrent Assets:	
Capital Assets	3,906
Less: Accumulated Depreciation	<u>3,906</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>11,045</u>
NET ASSETS	
Unrestricted	<u>11,045</u>
TOTAL NET ASSETS	<u>\$ 11,045</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
MILK SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Milk Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 21,751
Total Operating Revenues	<u>21,751</u>
Other Expenses:	
Cost of Sales	21,339
Salaries	11,931
Supplies and Materials	18,339
Total Operating Expenses	<u>51,609</u>
Operating Income (Loss)	<u>(29,858)</u>
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	9,514
Interest Earned on Investments	38
Total Nonoperating Revenues (Expenses)	<u>9,552</u>
Change in Net Assets	(20,306)
Net Assets, Beginning	<u>31,351</u>
Net Assets, Ending	<u>\$ 11,045</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
MILK SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Milk Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 21,751
Payments to Vendors (Net)	(51,609)
Net Cash Provided by (Used For) Operating Activities	<u>(29,858)</u>
Cash Flows from Noncapital Financing Activities:	
Interfund Receivable	24,495
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>24,495</u>
Cash Flows from Capital Financing Activities:	
Interest Earned on Investments	38
Net Cash Flows from Capital Financing Activities	<u>38</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,325)
Cash and Cash Equivalents, July 1, 2010	<u>6,548</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 1,223</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	<u>\$ (29,858)</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (29,858)</u>

**FIDUCIARY FUND**

**DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 32,852	\$ 69,899	\$ 23,743	\$ 126,494
Interfund Receivable	11,367			11,367
Total Assets	<u>44,219</u>	<u>69,899</u>	<u>23,743</u>	<u>137,861</u>
<b>LIABILITIES</b>				
Interfund Payable			11,367	11,367
Accounts Payable	14,343			14,343
Due to Student Groups		69,899		69,899
Payroll Deductions & Withholdings			12,376	12,376
Total Liabilities	<u>14,343</u>	<u>69,899</u>	<u>23,743</u>	<u>107,985</u>
<b>NET ASSETS</b>				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 29,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,876</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	\$ 11,367
Investment Earnings-Interest	35
Total Additions	11,402
DEDUCTIONS	
Unemployment Claims	66,811
	(55,409)
Other Financing Sources:	
Transfer from General Fund	62,071
	62,071
Change in Net Assets	6,662
Net Assets, Beginning of the Year	23,214
Net Assets, End of the Year	\$ 29,876

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 61,542	\$ 208,462	\$ 200,105	\$ 69,899
<b>TOTAL ASSETS</b>	<b>\$ 61,542</b>	<b>\$ 208,462</b>	<b>\$ 200,105</b>	<b>\$ 69,899</b>
<b>LIABILITIES</b>				
Due to Student Groups:				
Gillette School	\$ 1,433	\$ 3,055	\$ 1,682	\$ 2,806
Millington School	5,721	22,095	22,112	5,704
Central School	32,501	131,532	125,452	38,581
Longo Scholarship	1,445		100	1,345
Sport Account	20,128	51,780	50,445	21,463
Enrichment	314		314	
<b>TOTAL LIABILITIES</b>	<b>\$ 61,542</b>	<b>\$ 208,462</b>	<b>\$ 200,105</b>	<b>\$ 69,899</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 29,426	\$ 9,916,400	\$ 9,922,083	\$ 23,743
<b>TOTAL ASSETS</b>	<u>\$ 29,426</u>	<u>\$ 9,916,400</u>	<u>\$ 9,922,083</u>	<u>\$ 23,743</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ (2,073)	\$ 4,943,787	\$ 4,937,409	\$ 4,305
Net Payroll	4,488	4,961,246	4,957,663	8,071
Interfund Payable	27,011	11,367	27,011	11,367
<b>TOTAL LIABILITIES</b>	<u>\$ 29,426</u>	<u>\$ 9,916,400</u>	<u>\$ 9,922,083</u>	<u>\$ 23,743</u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
School Bonds of 1990	08/01/90	\$ 3,603,000			6.75%	\$ 228,000		\$ 228,000	
Refunding School Bonds of 2001	09/01/01	4,855,000	02/01/12	\$ 410,000	5.25%				
			02/01/13	405,000	5.25%				
			02/01/14	400,000	5.00%	1,630,000		415,000	\$ 1,215,000
School Bonds of 2004	04/01/04	12,164,000	01/15/12	200,000					
			01/15/13	300,000					
			01/15/14	400,000					
			01/15/15	500,000					
			01/15/16	520,000					
			01/15/17	545,000					
			01/15/18	570,000					
			01/15/19	595,000					
			01/15/20	620,000					
			01/15/21	650,000					
			01/15/22	680,000					
			01/15/23	710,000					
			01/15/24	740,000					
			01/15/25	775,000					
			01/15/26	810,000					
			01/15/27	845,000					
01/15/28	885,000								
01/15/29	919,000			4.50%	11,464,000		200,000	11,264,000	
					<u>\$ 13,322,000</u>	<u>\$ -</u>	<u>\$ 843,000</u>	<u>\$ 12,479,000</u>	

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,445,963		\$ 1,445,963	\$ 1,445,963	
Total Revenues	<u>1,445,963</u>	<u>\$ -</u>	<u>1,445,963</u>	<u>1,445,963</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest	602,963		602,963	602,963	
Redemption of Principal	843,000		843,000	843,000	
Total Expenditures	<u>1,445,963</u>	<u>-</u>	<u>1,445,963</u>	<u>1,445,963</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2011

	Interest Rate	Amount of Original Issue	Balance 07/01/10	Issued Current Year	Retired Current Year	Balance 06/30/11
Computer Equipment & Supplies	2.75%	\$ 180,900		\$ 180,900	\$ 120,483	\$ 60,417
			\$ -	\$ 180,900	\$ 120,483	\$ 60,417

**STATISTICAL SECTION**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NET ASSETS BY COMPONENT  
 LAST EIGHT FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>GOVERNMENT ACTIVITIES</b>								
Invested in Capital Assets, Net of Related Debt	\$ 2,458,175	\$ 4,759,773	\$ 16,618,387	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110
Restricted	11,774,816	10,143,144	2,176,838	452,565	118,474	96,611	74,582	909,154
Unrestricted	48,739	116,469	(200,835)	(472,419)	(700,680)	(633,888)	36,864	124,544
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 14,281,730</b>	<b>\$ 15,019,386</b>	<b>\$ 18,594,390</b>	<b>\$ 18,637,473</b>	<b>\$ 18,610,308</b>	<b>\$ 18,908,473</b>	<b>\$ 19,868,367</b>	<b>\$ 21,110,808</b>
<b>BUSINESS-TYPE ACTIVITIES</b>								
Unrestricted	\$ 2,437	\$ 1,869	\$ 6,065	\$ 12,409	\$ 16,499	\$ 25,427	\$ 31,351	\$ 11,045
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,437</b>	<b>\$ 1,869</b>	<b>\$ 6,065</b>	<b>\$ 12,409</b>	<b>\$ 16,499</b>	<b>\$ 25,427</b>	<b>\$ 31,351</b>	<b>\$ 11,045</b>
<b>DISTRICT-WIDE</b>								
Invested in Capital Assets, Net of Related Debt	\$ 2,458,175	\$ 4,759,773	\$ 16,618,387	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110
Restricted	11,774,816	10,143,144	2,176,838	452,565	118,474	96,611	74,582	909,154
Unrestricted	51,176	118,338	(194,770)	(460,010)	(684,181)	(608,461)	68,215	135,589
<b>TOTAL DISTRICT-WIDE</b>	<b>\$ 14,284,167</b>	<b>\$ 15,021,255</b>	<b>\$ 18,600,455</b>	<b>\$ 18,649,882</b>	<b>\$ 18,626,807</b>	<b>\$ 18,933,900</b>	<b>\$ 19,899,718</b>	<b>\$ 21,121,853</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental Activities:								
Instruction:								
Regular	\$ 5,347,245	\$ 5,495,106	\$ 5,589,700	\$ 5,727,464	\$ 5,871,643	\$ 5,620,816	\$ 5,603,517	\$ 5,852,056
Special Education	1,615,660	1,926,287	2,110,385	2,321,671	2,373,644	2,621,360	2,494,046	2,481,953
Other Instruction	52,536	49,310	52,184	58,942	56,521	75,330	21,811	25,502
Support Services:								
Tuition	153,240	224,921	361,762	340,974	513,412	502,813	804,488	645,210
Student & Instruction Related Services	1,858,167	1,808,369	2,091,227	2,315,009	2,436,315	2,465,804	2,531,533	2,561,944
General & Business Administrative Services	646,937	868,209	900,478	991,788	926,270	999,666	1,006,656	863,363
School Administrative Services	726,591	796,441	720,550	813,909	823,156	727,558	764,940	767,969
Plant Operations & Maintenance	1,370,213	1,400,433	1,542,286	1,572,505	1,578,975	1,665,687	1,387,920	1,352,905
Pupil Transportation	690,017	691,574	753,028	842,923	973,865	876,499	1,071,804	943,042
Interest & Other Charges on Long-Term Debt	403,602	812,973	785,566	752,536	716,315	676,639	635,426	637,769
Total Governmental Activities Expenses	<u>12,864,208</u>	<u>14,073,623</u>	<u>14,907,166</u>	<u>15,737,721</u>	<u>16,270,116</u>	<u>16,232,172</u>	<u>16,322,141</u>	<u>16,131,713</u>
Business-Type Activities:								
Milk Service Fund	21,906	24,688	26,704	24,467	27,609	24,557	24,114	51,609
Total Business-Type Activities	<u>21,906</u>	<u>24,688</u>	<u>26,704</u>	<u>24,467</u>	<u>27,609</u>	<u>24,557</u>	<u>24,114</u>	<u>51,609</u>
TOTAL DISTRICT EXPENSES	<u>\$ 12,886,114</u>	<u>\$ 14,098,311</u>	<u>\$ 14,933,870</u>	<u>\$ 15,762,188</u>	<u>\$ 16,297,725</u>	<u>\$ 16,256,729</u>	<u>\$ 16,346,255</u>	<u>\$ 16,183,322</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>PROGRAM REVENUES</b>								
Governmental Activities:								
Charges for Services	\$ 127,904	\$ 88,779	\$ 22,269	\$ 16,212	\$ 21,800	\$ 22,750	\$ 62,850	\$ 340,272
Operating Grants & Contributions	318,526	362,219	381,471	394,014	397,079	402,258	475,695	491,581
Total Governmental Activities Program Revenues	446,430	450,998	403,740	410,226	418,879	425,008	538,545	831,853
Business-Type Activities:								
Charges for Services:								
Milk Service	11,783	14,154	25,042	24,851	24,100	27,877	25,768	21,751
Operating Grants & Contributions	7,824	9,958	5,851	5,941	7,579	5,599	4,208	9,514
Total Business-Type Activities Program Revenues	19,607	24,112	30,893	30,792	31,679	33,476	29,976	31,265
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 466,037</b>	<b>\$ 475,110</b>	<b>\$ 434,633</b>	<b>\$ 441,018</b>	<b>\$ 450,558</b>	<b>\$ 458,484</b>	<b>\$ 568,521</b>	<b>\$ 863,118</b>
<b>NET (EXPENSE) REVENUES</b>								
Governmental Activities	\$ (12,417,778)	\$ (13,622,625)	\$ (14,503,426)	\$ (15,327,495)	\$ (15,851,237)	\$ (15,807,164)	\$ (15,783,596)	\$ (15,299,860)
Business-Type Activities	(2,299)	(576)	4,189	6,325	4,070	8,919	5,862	(20,344)
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (12,420,077)</b>	<b>\$ (13,623,201)</b>	<b>\$ (14,499,237)</b>	<b>\$ (15,321,170)</b>	<b>\$ (15,847,167)</b>	<b>\$ (15,798,245)</b>	<b>\$ (15,777,734)</b>	<b>\$ (15,320,204)</b>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET ASSETS</b>								
Governmental Activities:								
Property Taxes Levied for General Purposes	\$ 10,083,819	\$ 10,665,534	\$ 11,046,515	\$ 11,433,923	\$ 11,885,513	\$ 12,649,048	\$ 13,021,091	\$ 13,607,499
Property Taxes Levied for Debt Service	837,338	1,264,984	1,471,908	1,523,279	1,543,631	1,519,719	1,519,564	1,445,963
Unrestricted Grants & Contributions	1,675,033	1,750,754	1,855,022	2,227,977	2,334,149	1,897,379	2,052,300	1,411,610
Capital Grant-Unallocated	19,174	383,472	3,432,073					
Investment Earnings	53,727	269,305	186,340	55,145	32,672	13,861	5,683	3,322
Contribution-Equipment Acquisition							3,548	3,365
Miscellaneous Income	44,691	26,232	86,572	130,254	28,107	25,322	141,304	70,542
Total Governmental Activities	12,713,782	14,360,281	18,078,430	15,370,578	15,824,072	16,105,329	16,743,490	16,542,301

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)								
Business-Type Activities:								
Investment Earnings	\$ 10	\$ 8	\$ 7	\$ 19	\$ 20	\$ 9	\$ 62	\$ 38
Total Business-Type Activities	<u>10</u>	<u>8</u>	<u>7</u>	<u>19</u>	<u>20</u>	<u>9</u>	<u>62</u>	<u>38</u>
TOTAL DISTRICT-WIDE	<u>\$ 12,713,792</u>	<u>\$ 14,360,289</u>	<u>\$ 18,078,437</u>	<u>\$ 15,370,597</u>	<u>\$ 15,824,092</u>	<u>\$ 16,105,338</u>	<u>\$ 16,743,552</u>	<u>\$ 16,542,339</u>
CHANGE IN NET ASSETS								
Governmental Activities	\$ 296,004	\$ 737,656	\$ 3,575,004	\$ 43,083	\$ (27,165)	\$ 298,165	\$ 959,894	\$ 1,242,441
Business-Type Activities	<u>(2,289)</u>	<u>(568)</u>	<u>4,196</u>	<u>6,344</u>	<u>4,090</u>	<u>8,928</u>	<u>5,924</u>	<u>(20,306)</u>
TOTAL DISTRICT	<u>\$ 293,715</u>	<u>\$ 737,088</u>	<u>\$ 3,579,200</u>	<u>\$ 49,427</u>	<u>\$ (23,075)</u>	<u>\$ 307,093</u>	<u>\$ 965,818</u>	<u>\$ 1,222,135</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST EIGHT FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 256,735	\$ 458,421	\$ 320,419	\$ 151,451	\$ 90,567	\$ 129,097	\$ 254,563	\$ 1,193,373
Unreserved	574,244	376,894	493,991	185,404	380	(12,521)	473,014	532,411
Total General Fund	<u>\$ 830,979</u>	<u>\$ 835,315</u>	<u>\$ 814,410</u>	<u>\$ 336,855</u>	<u>\$ 90,947</u>	<u>\$ 116,576</u>	<u>\$ 727,577</u>	<u>\$ 1,725,784</u>
All Other Governmental Funds:								
Reserved, Reported In:								
Capital Projects Fund	\$ 11,774,815	\$ 10,124,897	\$ 2,110,660	\$ 378,583	\$ 44,292	\$ 22,229		
Unreserved, Reported In:								
Capital Projects Fund	30,498	267,233						
Debt Service Fund		18,246						
Total All Other Governmental Funds	<u>\$ 11,805,313</u>	<u>\$ 10,410,376</u>	<u>\$ 2,110,660</u>	<u>\$ 378,583</u>	<u>\$ 44,292</u>	<u>\$ 22,229</u>	<u>\$ -</u>	<u>\$ -</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tax Levy	\$ 9,623,711	\$ 10,255,687	\$ 10,921,157	\$ 11,930,518	\$ 12,518,423	\$ 12,957,202	\$ 13,429,144	\$ 14,168,767	\$ 14,540,655	\$ 15,053,462
Tuition Charges	52,098	75,120	116,079	71,735	5,645	15,712	21,800	22,750	62,850	246,890
Interest Earnings	39,750	28,220	53,727	269,305	186,340	55,145	32,672	13,861	5,683	3,322
Miscellaneous	66,296	54,517	56,516	44,836	105,515	130,754	43,182	63,432	151,307	170,289
State Sources	1,360,939	1,589,727	1,769,763	1,847,652	1,971,420	2,336,730	2,432,081	1,985,802	2,128,239	1,487,561
State Sources-Capital Projects			19,174	383,472	3,432,073					
Federal Sources	191,642	197,817	223,796	263,761	262,754	285,261	284,072	275,725	389,753	412,630
<b>Total Revenues</b>	<b>11,334,436</b>	<b>12,201,088</b>	<b>13,160,212</b>	<b>14,811,279</b>	<b>18,482,170</b>	<b>15,780,804</b>	<b>16,242,951</b>	<b>16,530,337</b>	<b>17,278,487</b>	<b>17,374,154</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,514,449	3,712,457	3,861,611	3,935,421	3,933,681	3,946,368	3,935,898	3,886,787	3,953,875	4,347,113
Special Education Instruction	758,795	919,626	1,006,310	1,119,118	1,335,458	1,360,396	1,444,542	1,571,683	1,567,063	1,613,971
Other Special Instruction	97,926	102,563	83,684	110,134	121,211	227,524	148,525	203,559	136,867	146,722
Other Instruction	30,170	52,960	51,315	47,364	50,279	55,860	10,129	9,445	19,706	23,879
<b>Support Services:</b>										
Tuition	144,526	5,943	2,417	23,703	123,849	122,555	283,056	271,061	485,306	326,658
Student & Instruction Related Services	1,128,938	1,311,750	1,308,734	1,326,593	1,423,264	1,574,194	1,565,034	1,654,544	1,720,019	1,743,821
General Administration	285,883	376,232	332,070	371,183	349,750	417,419	371,069	412,069	387,214	305,728
School Administration Services	413,838	534,550	551,274	607,699	594,447	578,532	573,981	517,346	546,945	548,036
Central Services/Business	205,076	185,876	198,255	207,501	237,967	227,748	229,824	247,979	270,506	245,817
Administrative Information Technology			112,724	132,445	119,568		85,583	98,635	97,370	93,064
Plant Operations & Maintenance	999,393	1,130,629	1,154,369	1,185,046	1,338,880	1,350,805	1,347,038	1,437,282	1,381,948	1,342,867
Pupil Transportation	604,785	684,276	690,017	691,574	753,028	842,923	973,865	876,499	1,071,804	943,042
Employee Benefits	1,267,749	1,607,388	1,844,306	2,042,745	2,189,317	2,215,636	2,209,429	2,434,613	1,894,984	1,792,310
On-Behalf TPAF Pension & Soc Sec Contributions	372,973	619,594	746,290	774,828	888,476	1,288,560	1,359,975	932,871	934,801	935,645
Capital Outlay	117,022	302,950	2,365	3,900	12,804	12,978	10,203	28,358	42,383	108,856
Capital Projects			408,359	2,033,390	11,446,310	1,732,077	334,289	22,063	22,229	
Special Revenue Funds	343,442	364,869	317,778	362,219	381,471	394,014	397,079	402,258	475,695	491,581
<b>Debt Service:</b>										
Principal	495,000	565,000	545,000	565,000	700,000	765,000	820,000	835,000	875,000	843,000
Interest & Other Charges	364,371	315,328	292,338	681,738	790,154	758,279	723,631	684,719	644,564	642,666
<b>Total Expenditures</b>	<b>11,144,336</b>	<b>12,791,991</b>	<b>13,396,492</b>	<b>16,201,880</b>	<b>26,802,791</b>	<b>17,990,436</b>	<b>16,823,150</b>	<b>16,526,771</b>	<b>16,528,279</b>	<b>16,494,776</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	190,100	(590,903)	(236,280)	(1,390,601)	(8,320,621)	(2,209,632)	(580,199)	3,566	750,208	879,378
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-Budgeted)	54,929	268,560								180,900
Proceeds from Bond Issue			12,164,000							
Transfers In									749	
Transfers Out									(162,185)	(62,071)
<b>Total Other Financing Sources (Uses)</b>	<b>54,929</b>	<b>268,560</b>	<b>12,164,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161,436)</b>	<b>118,829</b>
<b>Net Change in Fund Balances</b>	<b>\$ 245,029</b>	<b>\$ (322,343)</b>	<b>\$ 11,927,720</b>	<b>\$ (1,390,601)</b>	<b>\$ (8,320,621)</b>	<b>\$ (2,209,632)</b>	<b>\$ (580,199)</b>	<b>\$ 3,566</b>	<b>\$ 588,772</b>	<b>\$ 998,207</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>8.45%</b>	<b>7.58%</b>	<b>6.89%</b>	<b>9.65%</b>	<b>10.76%</b>	<b>10.35%</b>	<b>10.34%</b>	<b>10.16%</b>	<b>10.17%</b>	<b>9.97%</b>

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 39,750	\$ 28,220	\$ 23,229	\$ 32,570	\$ 27,816	\$ 55,145	\$ 22,862	\$ 13,861	\$ 4,934	\$ 3,322
Tuition	52,098	75,120	116,079	71,735	5,645	15,712	21,800	22,750	62,850	246,890
Old Outstanding Checks Canceled		1,823	643	599	311		208			128
Prior Year Refunds	6,667	6,132			55,458	90,358	5,924	354	3,056	
Miscellaneous	395	274	1,169	4,086	925	102	140	(463)	1,418	1,154
Insurance Rebates	29,836	29,771	31,397	21,045	19,952	30,320				
Facility Use Fees		11,450	11,825	17,044	16,624	500	16,000	16,925	17,000	25,600
Prior Year Accounts Payable Canceled	10,677		585	502				7,250		27,836
Payroll Account Excess		1,422								
Sale of Surplus Materials	1,787	2,100					90			
E Rate Reimbursements									7,278	
Morris Union Jointure Rebate	8,121		8,377		8,636	8,624			14,292	14,659
Morris Essex Jointure Rebate									23,977	25,957
Transportation Fees									74,283	67,782
Capital Project Balance Canceled	8,813									
Close Out of Old Bank Accounts										314
Donations		1,000	148		300	220	1,510	1,246		3,859
Commerce Bank Escrow			2,372							
Watching Related Services							4,235			
Athletic Fees					990	630				
<b>Annual Totals</b>	<b>\$ 158,144</b>	<b>\$ 157,312</b>	<b>\$ 195,824</b>	<b>\$ 147,581</b>	<b>\$ 136,657</b>	<b>\$ 201,611</b>	<b>\$ 72,769</b>	<b>\$ 61,923</b>	<b>\$ 209,088</b>	<b>\$ 417,501</b>

Source: District Records

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 26,896,600	\$ 24,516,700	\$ 24,646,200	\$ 23,592,900	\$ 21,855,800	\$ 20,688,800	\$ 19,116,300	\$ 19,258,300	\$ 20,585,700	\$ 19,059,600
Residential	1,090,841,500	1,099,865,130	1,102,079,230	1,108,267,030	1,114,050,830	1,123,401,600	1,129,463,700	1,133,936,400	1,137,120,400	1,139,562,700
Farm Regular	1,848,000	1,801,800	2,185,600	2,185,600	2,519,600	2,519,600	3,070,000	3,070,000	2,795,500	2,245,100
Q Farm	35,400	35,400	38,900	40,000	40,000	40,000	40,700	40,700	40,700	39,700
Commercial	98,953,600	101,288,100	101,511,300	101,187,800	104,013,900	104,085,000	103,967,400	103,887,300	103,892,800	104,055,800
Industrial	17,027,800	16,792,800	16,841,200	16,641,200	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200
Apartment	7,360,200	7,444,300	7,408,000	7,408,000	7,408,000	6,691,600	6,691,600	6,691,600	6,668,200	6,268,200
<b>Total Assessed Value</b>	<b>1,242,963,100</b>	<b>1,251,744,230</b>	<b>1,254,710,430</b>	<b>1,259,322,530</b>	<b>1,266,429,330</b>	<b>1,273,967,800</b>	<b>1,278,890,900</b>	<b>1,283,425,500</b>	<b>1,287,644,500</b>	<b>1,287,772,300</b>
Public Utilities (a)	5,093,816	5,358,321	4,922,060	4,680,258	4,080,831	4,043,446	3,971,011	4,268,514	4,454,525	4,509,141
<b>Net Valuation Taxable</b>	<b>\$ 1,248,056,916</b>	<b>\$ 1,257,102,551</b>	<b>\$ 1,259,632,490</b>	<b>\$ 1,264,002,788</b>	<b>\$ 1,270,510,161</b>	<b>\$ 1,278,011,246</b>	<b>\$ 1,282,861,911</b>	<b>\$ 1,287,694,014</b>	<b>\$ 1,292,099,025</b>	<b>\$ 1,292,281,441</b>
Estimated Actual County Equalized Value	\$ 1,109,262,866	\$ 1,239,577,705	\$ 1,346,912,414	\$ 1,470,283,574	\$ 1,649,798,926	\$ 1,808,933,115	\$ 1,882,961,854	\$ 1,890,331,788	\$ 1,786,661,445	\$ 1,788,624,832
<b>Percentage of Net Valuation to Est. Actual County Equal. Value</b>	<b>112.51%</b>	<b>101.41%</b>	<b>93.52%</b>	<b>85.97%</b>	<b>77.01%</b>	<b>70.65%</b>	<b>68.13%</b>	<b>68.12%</b>	<b>72.32%</b>	<b>72.25%</b>
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 0.79</b>	<b>\$ 0.85</b>	<b>\$ 0.91</b>	<b>\$ 0.96</b>	<b>\$ 1.01</b>	<b>\$ 1.03</b>	<b>\$ 1.06</b>	<b>\$ 1.11</b>	<b>\$ 1.14</b>	<b>\$ 1.18</b>

\*

Source: Municipal Tax Assessor

**NOTE** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.  
 Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment  
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies  
 (b) Tax rates are per \$100  
 \* Revalued/Reassessed

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate (From J-6)			Overlapping Rates				Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	
2002	\$ 0.72	\$ 0.07	\$ 0.79	\$ 0.26	\$ 0.55	\$ 0.27		\$ 1.87
2003	0.78	0.07	0.85	0.29	0.55	0.29		1.98
2004	0.81	0.10	0.91	0.33	0.61	0.30		2.15
2005	0.85	0.11	0.96	0.38	0.65	0.31		2.30
2006	0.89	0.12	1.01	0.39	0.67	0.33		2.40
2007	0.91	0.12	1.03	0.43	0.69	0.35		2.50
2008	0.95	0.11	1.06	0.46	0.70	0.35		2.57
2009	0.99	0.12	1.11	0.49	0.72	0.34		2.66
2010	1.04	0.11	1.15	0.52	0.73	0.33		2.73
2011	1.09	0.09	1.18	0.56	0.75	0.33		2.82

Sources: Municipal Tax Collector

**NOTE:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS,  
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Valley & Plainfield Associates	\$ 21,204,400	1	1.64%	\$ 17,780,900	1	1.42%
Stirling Center Associates	9,907,400	2	0.77%	9,896,500	2	0.79%
Bell Atlantic / Verizon	4,454,525	3	0.34%	5,093,816	3	0.41%
Stirling Manor	4,000,000	4	0.31%	4,716,400	4	0.38%
Transcontinental Gas Pipeline	3,764,500	5	0.29%			
TIFA, LTD	3,030,500	6	0.23%	2,982,100	6	0.24%
Dagwood Properties	2,246,900	7	0.17%			
RHK / AK Stamping	2,312,300	8	0.18%			
Millington Savings Bank	2,215,500	9	0.17%	3,259,300	5	0.26%
Jilrydan, Inc	2,197,400	10	0.17%	2,197,400	7	0.18%
Active Real Estate Holdings				2,003,200	8	0.16%
Thermoplastic Ventures				1,947,500	9	0.16%
PSE&G Company				1,780,900	10	0.14%
	<u>\$ 55,333,425</u>		<u>4.28%</u>	<u>\$ 51,658,016</u>		<u>4.14%</u>

Source: Municipal Tax Assessor

LONG HILL TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 21,628,159	\$ 21,184,007	97.95%
2002	23,525,042	23,040,676	97.94%
2003	24,941,321	24,496,823	98.22%
2004	27,176,285	26,712,855	98.29%
2005	29,188,113	28,776,789	98.59%
2006	30,620,476	30,211,873	98.67%
2007	32,034,064	31,610,106	98.68%
2008	32,958,966	32,373,176	98.22%
2009	34,337,430	33,768,528	98.34%
2010	35,268,163	34,542,605	97.94%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 6,828,000		\$ 46,290			\$ 6,874,290	1.39%	\$ 790
2003	6,263,000		176,826			6,439,826	1.31%	738
2004	17,882,000		65,295			17,947,295	3.62%	2,063
2005	17,317,000					17,317,000	3.26%	1,994
2006	16,617,000					16,617,000	3.03%	1,917
2007	15,852,000					15,852,000	2.70%	1,845
2008	15,032,000					15,032,000	2.47%	1,759
2009	14,197,000					14,197,000	2.32%	1,660
2010	13,322,000					13,322,000	2.28%	1,553
2011	12,479,000		60,417			12,539,417	N/A	1,462

**NOTE** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

LONG HILL TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002 *	\$ 6,828,000		\$ 6,828,000	0.55%	783
2003	6,263,000		6,263,000	0.50%	720
2004	17,882,000		17,882,000	1.42%	2,059
2005	17,317,000		17,317,000	1.37%	1,998
2006	16,617,000		16,617,000	1.31%	1,934
2007	15,852,000		15,852,000	1.24%	1,855
2008	15,032,000		15,032,000	1.17%	1,758
2009	14,197,000		14,197,000	1.10%	1,655
2010	13,322,000		13,322,000	1.03%	1,553
2011	12,479,000		12,479,000	0.97%	1,455

**NOTE**

Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit NJ J-14.
- \* Revalued/Reassessed

LONG HILL TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 17,613,061	100.00	\$ 17,613,061
Regional High School	32,731,476	22.18	7,261,172
County General Obligation Debt	249,234,104	1.81	4,513,623
Subtotal, Overlapping Debt			29,387,856
School District Direct Debt			13,094,000
Total Direct and Overlapping Debt			<u>\$ 42,481,856</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages  
Provided by the County Board of Taxation. Debt Outstanding Data  
Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION,  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis

2010	\$ 1,782,206,920
2009	1,822,788,666
2008	1,877,408,837
	<u>\$ 5,482,404,423</u>

Average Equalized Valuation of Taxable Property \$ 1,827,468,141

Debt Limit (3.0% of Average Equalization Value) \$ 54,824,044 (a)

Total Net Debt Applicable to Limit 12,479,000

Legal Debt Margin \$ 42,345,044

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 30,560,261	\$ 33,406,112	\$ 36,557,083	\$ 40,184,581	\$ 44,332,237	\$ 48,872,859	\$ 52,977,184	\$ 55,398,558	\$ 55,701,047	\$ 54,824,044
Total Net Debt Applicable	<u>6,828,000</u>	<u>6,263,000</u>	<u>21,697,811</u>	<u>20,749,339</u>	<u>17,930,897</u>	<u>16,024,838</u>	<u>15,204,838</u>	<u>14,369,838</u>	<u>13,322,000</u>	<u>12,479,000</u>
Legal Debt Margin	<u>\$ 23,732,261</u>	<u>\$ 27,143,112</u>	<u>\$ 14,859,272</u>	<u>\$ 19,435,242</u>	<u>\$ 26,401,340</u>	<u>\$ 32,848,021</u>	<u>\$ 37,772,346</u>	<u>\$ 41,028,720</u>	<u>\$ 42,379,047</u>	<u>\$ 42,345,044</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	22.34%	18.75%	59.35%	51.64%	40.45%	32.79%	28.70%	25.94%	23.92%	22.76%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS

Year	Population ( a )	Personal Income ( b )	Per Capita Personal Income ( c )	Unemployment Rate ( d )
2002	8,721	\$ 493,041,735	56,535	2.6%
2003	8,698	495,942,564	57,018	2.6%
2004	8,683	530,539,983	61,101	2.1%
2005	8,669	548,721,693	63,297	2.7%
2006	8,593	587,451,852	68,364	3.1%
2007	8,545	609,258,500	71,300	2.8%
2008	8,550	611,555,850	71,527	3.7%
2009	8,579	585,525,329	68,251	6.3%
2010	8,579	N/A	N/A	6.4%
2011	N/A	N/A	N/A	N/A

Sources:

- ( a ) Population Information Provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- ( c ) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- ( d ) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

LONG HILL TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	67.0	71.0	69.0	78.0	79.0	68.0	80.3	68.2	64.9	67.0
Special Education	13.0	16.0	17.0	20.0	26.0	32.5	15.7	27.2	24.5	26.0
Support Services:										
Administration	5.0	6.0	6.0	5.0	6.0	5.6	5.0	5.0	5.0	5.0
Secretarial	5.0	5.0	5.0	5.0	5.0	5.0	5.8	8.0	8.4	8.4
Plant Operations and Maintenance	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	*	*
Other Support Services	4.0	4.0	8.0	11.0	14.0	14.0	11.8	10.5	13.0	16.5
<b>Total</b>	<b>107.0</b>	<b>115.0</b>	<b>118.0</b>	<b>132.0</b>	<b>143.0</b>	<b>138.1</b>	<b>131.6</b>	<b>131.9</b>	<b>115.8</b>	<b>122.9</b>

Sources: District Personnel Records

\* Privatized 7/1/2009

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Average Daily Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	1,038.0	\$ 10,167,943	9,796	-1.97%	97.0	1 to 10.70	1,038.0	993.0	5.81%	95.66%
2003	1,080.0	11,608,713	10,749	9.73%	99.0	1 to 10.91	1,080.0	1,036.0	4.05%	95.93%
2004	1,097.0	12,148,430	11,074	3.03%	101.5	1 to 10.81	1,097.0	1,044.0	1.57%	95.17%
2005	1,117.0	12,917,852	11,565	4.43%	101.3	1 to 11.03	1,117.0	1,067.0	1.82%	95.52%
2006	1,102.0	13,853,523	12,571	8.70%	107.0	1 to 10.30	1,102.0	1,054.0	-1.34%	95.64%
2007	1,072.0	14,722,102	13,733	9.24%	107.5	1 to 9.97	1,072.0	1,030.0	-2.72%	96.08%
2008	1,050.9	14,935,027	14,212	3.48%	101.0	1 to 10.41	1,050.9	1,008.4	-1.97%	95.96%
2009	1,018.4	14,956,631	14,686	3.34%	116.7	1 to 10.32	1,018.4	980.9	-3.09%	96.32%
2010	1,021.4	15,106,288	14,790	0.70%	103.0	1 to 9.92	1,021.4	984.5	0.29%	96.39%
2011	939.7	14,962,325	15,922	7.66%	97.0	1 to 9.50	939.7	904.9	-8.00%	96.30%

Source: District Records

( a ) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay

( b ) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff

( c ) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Gillette School (1935)</u>										
Square Feet	31,024	31,024	31,024	31,024	31,024	38,234	38,234	38,234	38,234	38,234
Student Capacity	268	268	268	268	268	300	300	300	300	300
Enrollment	246	216	237	241	247	231	218	196	198	173
<u>Millington School (1935)</u>										
Square Feet	52,025	52,025	52,025	52,025	52,025	72,128	72,128	72,128	72,128	72,128
Student Capacity	622	622	622	622	622	604	604	604	604	604
Enrollment	437	468	513	513	507	491	472	461	444	399
<u>Central School (1933)</u>										
Square Feet	59,800	59,800	59,800	59,800	59,800	74,757	74,757	74,757	74,757	74,757
Student Capacity	421	421	421	421	421	464	464	464	464	464
Enrollment	316	331	356	356	358	359	375	369	379	352
Number of Schools at June 30, 2011:										
Elementary	2									
Middle School	1									
High School	0									
Other	0									

Source: District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

Note-Enrollment prior to 2002 is unavailable

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

	Amount	Total
2002	\$ 491,075	\$ 491,075
2003	308,814	308,814
2004	305,040	305,040
2005	334,932	334,932
2006	407,206	407,206
2007	315,265	315,265
2008	281,786	281,786
2009	328,632	328,632
2010	171,259	171,259
2011	180,716	180,716
	<hr/>	<hr/>
Total School Facilities	<u>\$ 3,124,725</u>	<u>\$ 3,124,725</u>

\* School Facilities as Defined Under EFCFA.  
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

LONG HILL TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package-Morris Essex Insurance Group:		
Property-Blanket Buildings & Contents	\$ 34,505,176	\$ 5,000
Systems Breakdown	50,000,000	5,000
Commercial General Liability	2,000,000	
Crime- Blanket Employee Dishonesty	500,000	5,000
Excess Umbrella-Morris Essex Insurance Group:		
Policy Limit	10,000,000	10,000
School Board Legal Liability Insurance-Morris Essex Insurance Group:		
Policy Limit	1,000,000	10,000
Business Auto-Morris Essex Insurance Group:		
Policy Limit	1,000,000	1,000
Workers Compensation-Morris Essex Insurance Group:		
Injury Per Accident	1,000,000	
Disease Per Employee	1,000,000	
Disease Policy Limit	1,000,000	
Public Employees Faithful Service-Selective Insurance:		
Business Administrator/School Board Secretary	250,000	
Treasurer of School Monies	200,000	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

November 18, 2011

Honorable President and  
Members of the Board of Education  
Long Hill Township School District  
County of Morris, New Jersey

We have audited the financial statements of the Board of Education of the Long Hill School District in the County of Morris as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education'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 these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04

November 18, 2011

Honorable President and  
Members of the Board of Education  
Long Hill Township School District  
County of Morris, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Long Hill School District in the County of Morris, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

## Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



William M. Colantano, Jr.  
Public School Accountant  
No. CS 0128

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2011		Due to Grantor
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	
US Department of Education Passed Through State Department of Education: General Fund: Education Jobs Fund	84 410A	ARRA-400011	\$ 31,498	8/10/10-9/30/2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Fund:													
NCLB Title IIA	84.367A	NCLB-400011	23,474	9/01/2010-8/31/2011			14,596	23,277			(8,878)	197	
NCLB Title IIA	84.367A	NCLB-400010	24,150	9/01/2009-8/31/2010	8,878			8,878					
NCLB Title IIA	84.367A	NCLB-400007	23,241	9/01/2006-8/31/2007	191								191
NCLB Title IIA	84.367A	NCLB-400009	23,120	9/01/2008-8/31/2009	(23,120)		23,120						
NCLB Title IV	84.184	NCLB-400009	1,733	9/01/2008-8/31/2009	(224)		1,733			1,509			
NCLB Title IV	84.186A	NCLB-400007	2,446	9/01/2006-8/31/2007	750								750
NCLB Title IV	84.186A	NCLB-400010	1,793	9/01/2009-8/31/2010	1,793			1,793					
NCLB Title V	84.298A	NCLB-400007	1,775	9/01/2006-8/31/2007	2								2
NCLB Title III	84.365A	NCLB-400011	6,587	9/01/2010-8/31/2011							(6,587)	6,587	
NCLB Title III	84.365A	NCLB-400010	6,703	9/01/2009-8/31/2010							(6,703)	6,703	
ARRA IDEA Basic	84.391	ARRA-400010	251,620	9/01/2009-8/31/2011	(4,265)		136,658	132,393					
ARRA IDEA Pre School	84.392	ARRA-400010	9,108	9/01/2009-8/31/2011	(6,250)		9,108	2,858					
IDEA Basic	84.027	IDEA-400011	236,093	9/01/2010-8/31/2011			236,093	233,195				2,898	
IDEA Basic	84.027	IDEA-400010	236,339	9/01/2009-8/31/2010	574			42				532	
IDEA Basic	84.027	IDEA-400009	240,611	9/01/2008-8/31/2009	(1)				2,441	2,440			
IDEA Pre School	84.173	IDEA-400011	11,902	9/01/2010-8/31/2011			11,902	11,902					
<b>Total Special Revenue Fund</b>					(21,672)	-	433,210	414,338	2,441	3,949	(22,168)	16,917	943
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:													
Special Milk Program for Children	10.556	N/A	4,208	7/1/2009-6/30/2010	(309)		309						
Special Milk Program for Children	10.556	N/A	9,514	7/1/2010-6/30/2011			8,532	9,514			(982)		
<b>Total Enterprise Fund</b>					(309)	-	8,841	9,514	-	-	(982)	-	-
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					\$ (21,981)	\$ -	\$ 442,051	\$ 423,852	\$ 2,441	\$ 3,949	\$ (23,150)	\$ 16,917	\$ 943

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Refunds & Adjustments	Balance June 30, 2011			Memo	
				6/30/2010 (Acct Rec) Def Revenue				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Transportation Aid	10-495-034	\$ 291,390	7/01/2009-									
	-5120-014		6/30/2010	\$ (26,695)	\$ 26,695							
Security Aid	10-495-034	75,151	7/01/2009-									
	-5120-084		6/30/2010	(6,885)	6,885							
Special Education Aid	11-495-034	244,088	7/01/2010-									
	-5120-089		6/30/2011		231,359	\$ 244,088		\$ (12,729)			\$ (12,729)	\$ 244,088
Special Education Aid	10-495-034	557,117	7/01/2009-									
	-5120-089		6/30/2010	(51,039)	51,039							
Extraordinary Aid	10-100-034	181,686	7/01/2009-									
	-5120-473		6/30/2010	(181,686)	181,686							
Extraordinary Aid	11-100-034	144,849	7/01/2010-									
	-5120-473		6/30/2011			144,849		(144,849)			(144,849)	144,849
Non-Public Transportation Aid	10-495-034	13,342	7/01/2009-									
	-5120-014		6/30/2010	(13,342)	13,342							
Non-Public Transportation Aid	11-495-034	15,138	7/01/2010-									
	-5120-014		6/30/2011			15,138		(15,138)			(15,138)	15,138
On-Behalf TPAF Pension Contribution- Non-contributory Insurance	11-495-034	20,755	7/01/2010-									
	-5095-007		6/30/2011		20,755	20,755						20,755
On-Behalf TPAF Pension Contribution-Post Retirement Medical	11-495-034	440,829	7/01/2010-									
	-5095-001		6/30/2011		440,829	440,829						440,829
Reimbursement TPAF Soc Sec Contribution	11-495-034	474,061	7/01/2010-									
	-5095-002		6/30/2011		451,305	474,061		(22,756)			(22,756)	474,061
Reimbursement TPAF Soc Sec Contribution	10-495-034	489,043	7/01/2009-									
	-5095-002		6/30/2010	(25,232)	25,232							
Total General Fund				(304,879)	1,449,127	1,339,720	\$ -	(195,472)	\$ -	\$ -	(195,472)	1,339,720

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Refunds & Adjustments	Balance June 30, 2011			Memo	
				6/30/2010 (Acct Rec) Def Revenue				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education (Cont'd)												
Special Revenue Fund:												
Character Education	06-495-034	\$ 4,000	7/01/2005-									
	-5120-053		6/30/2006	\$ 636		\$ 600			\$ 36			\$ 3,964
Non-Public Textbook Aid	11-100-034	10,856	7/01/2010-									
	-5120-064		6/30/2011		\$ 10,856	10,856						10,856
Non-Public Auxiliary Services Aid	11-100-034	854	7/01/2010-									
ESL	-5120-067		6/30/2011		854				854			
Non-Public Auxiliary Services Aid	11-100-034	10,047	7/01/2010-									
Compensatory Education	-5120-067		6/30/2011		10,047	10,047						10,047
Non-Public Auxiliary Services Aid	10-100-034	15,355	7/01/2009-									
Compensatory Education	-5120-067		6/30/2010	9,309			\$ 9,309					
Non-Public Nursing Services	11-100-034	12,864	7/01/2010-									
	-5120-070		6/30/2011		12,864	12,864						12,864
Non-Public Handicapped Aid	11-100-034	10,214	7/01/2010-									
Supplemental Instruction	-5120-066		6/30/2011		10,214	10,055			159			10,055
Non-Public Handicapped Aid	10-100-034	11,070	7/01/2009-									
Supplemental Instruction	-5120-066		6/30/2010	2,276			2,276					
Non-Public Handicapped Aid	11-100-034	17,224	7/01/2010-									
Examination & Classification	-5120-066		6/30/2011		17,224	16,966			258			10,966
Non-Public Handicapped Aid	10-100-034	20,840	7/01/2009-									
Examination & Classification	-5120-066		6/30/2010	3,984			3,984					
Non-Public Handicapped Aid	11-100-034	14,785	7/01/2010-									
Corrective Speech	-5120-066		6/30/2011		14,785	14,563			222			14,563
Non-Public Handicapped Aid	10-100-034	13,451	7/01/2009-									
Corrective Speech	-5120-066		6/30/2010	2,458			2,458					
Teacher Quality Mentoring	08-495-034	1,705	7/01/2007-									
	-5120-052		6/30/2008	1,705					1,705			
Teacher Quality Mentoring	07-495-034	1,567	7/01/2006-									
	-5120-052		6/30/2007	192					192			1,375
Total Special Revenue Fund				20,560	76,844	75,951	18,027	\$ -	3,426	\$ -	\$ -	74,690
TOTAL STATE FINANCIAL ASSISTANCE				\$ (284,319)	\$ 1,525,971	\$ 1,415,671	\$ 18,027	\$ (195,472)	\$ 3,426	\$ -	\$ (195,472)	\$ 1,414,410

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011

**NOTE 1. GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Long Hill Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

**NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS**

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$71,890) for the general fund and (\$1,708) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		\$ 1,411,610	\$ 1,411,610
Special Revenue Fund	\$ 412,630	75,951	488,581
Milk Service Fund	9,514		9,514
	\$ 422,144	\$ 1,487,561	\$ 1,909,705

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2011  
(Continued)

**NOTE 4. 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 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.



LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \_\_\_\_\_

Auditee qualified as a low-risk auditee        Yes        No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:        \$300,000

Auditee Qualified as low-risk auditee   X   Yes        No

Type of Auditor's Report Issued on Compliance  
for Major Programs:        Unqualified

Internal Control Over Major Programs:  
1. Material weakness(es) identified?        Yes   X   No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?        Yes   X   No

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 04-04?        Yes   X   No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5120-089	\$ 244,088	Special Education Aid
11-495-034-5095-002	474,061	Reimbursed TPAF Social Security Aid

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

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LONG HILL TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.