

**LONG HILL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

**Prepared by
Long Hill Township School District
Department of Administration**

**LONG HILL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Introduction	
Letter of Transmittal	1 - 5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
Financial	
Independent Auditors' Report	9 - 11
Required Supplementary Information - Part I	
Management's Discussion and Analysis	12 - 18
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	21 - 22
B-2 Statement of Revenues, Expenditures, and Change in Fund Balances	23 - 24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25 - 26
Proprietary Funds	
B-4 Statement of Fund Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
Notes to the Financial Statements	32 - 62

**LONG HILL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	63 - 68
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	69
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	70
Required Supplementary Information - Part III	
L. Schedule of the District's Proportionate Share of the Net Pension Liability	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	71
L-2 Schedule of Pension Contribution - TPAF	72
L-3 Schedule of the District's Proportionate Share of the Net Position Liability - PERS	73
L-4 Schedule of Pension Contribution - PERS	74
Notes of the Required Supplementary Information - Part III	75
Other Supplemental Information	
D. School Based Budget Schedules	N/A
E. Special Revenue Fund	
E-1 Combining Schedule of Revenue and Expenditures - Budgetary Basis	76
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	77
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	78
F-2a - Schedule of Project Revenues, Expenditures, Project Balance and F-2e Project Status - Budgetary Basis	79 - 83

**LONG HILL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
G. Proprietary Funds	
Enterprise Fund	
G-1 Schedule of Fund Net Position	84
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Position	85
G-3 Schedule of Cash Flows	86
H. Fiduciary Funds	
H-1 Combining Schedule of Net Position in Fiduciary Funds	87
H-2 Schedule of Changes in Fiduciary Net Position	88
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	89
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	90
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	91
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	92
J. Statistical Section	
Statistical Table of Contents	93
J-1 Net Position by Component	94
J-2 Changes in Net Position	95 - 97
J-3 Fund Balances - Governmental Funds	98
J-4 Changes in Fund Balances - Governmental Funds	99 - 100
J-5 General Fund - Other Local Revenues by Source	101
J-6 Assessed Value and Actual Value of Taxable Property	102
J-7 Direct and Overlapping Property Tax Rates	103
J-8 Principal Property Taxpayers	104
J-9 Property Tax Levies and Collections	105
J-10 Ratios of Outstanding Debt by Type	106
J-11 Ratios of General Bonded Debt Outstanding	107
J-12 Direct and Overlapping Governmental Activities Debt	108
J-13 Legal Debt Margin Information	109
J-14 Demographic and Economic Statistics	110
J-15 Principal Employers	111
J-16 Full Time Equivalent District Employees by Function/Program	112
J-17 Operating Statistics	113
J-18 School Building Information	114
J-19 Schedule of Required Maintenance Expenditures by School Facility	115
J-20 Insurance Schedule	116

**LONG HILL TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

TABLE OF CONTENTS (continued)

	<u>Page</u>
K. Single Audit Section	
K-1 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	117 - 118
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance of New Jersey OMB Circular Letter 15-08	119 - 121
K-3 Schedule of Expenditures of Federal Awards - Schedule A	122
K-4 Schedule of Expenditures State Financial Assistance - Schedule B	123 - 124
K-5 Notes to the Schedules of Awards and Financial Assistance	125 - 126
K-6 Schedule of Findings and Questioned Costs	127 - 129
K-7 Summary Schedule of Prior Audit Findings	129

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

November 30, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15 - 08, 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 2015-16 fiscal year was 812 students, which is 9 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 and updated in 2013.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	812	(1.1%)
2014-15	821	(4.0%)
2013-14	855	(3.1%)
2012-13	882	(5.9%)
2011-12	937	(1.8%)
2010-11	954	(7.5%)
2009-10	1031	.02%
2008-09	1028	(3.47%)
2007-08	1065	(1.5%)
2006-07	1081	(2.9%)

2) ECONOMIC CONDITION AND OUTLOOK: The Long Hill Board of Education continues to be fiscally responsible when developing its budget. In addition to keeping tax increases to a minimum, the Board of Education has worked to increase its surplus, or 'unreserved balance,' to the maximum allowable amount of 2.0% of its general fund budget. The district has also slowly built up both its maintenance and capital reserve budgetary funds. By setting aside funds in these operational reserves Long Hill has been able to perform much-needed roof restoration projects at all district buildings: Gillette Elementary, Millington Elementary and Central Middle Schools. In addition, Long Hill used a combination of funds from the capital reserve account, State funding and a 2014 bond issue to upgrade HVAC systems in all three schools. 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 2015-16 school year, the district continued its use of the Danielson Evaluation Framework for teacher observations. All Long Hill administrators were re-trained in the use of the Danielson program. Funds for professional development for teachers and administrators were increased in the district's budget. The Board of Education authorized the purchase of several carts of Google Chromebooks, with the goal of providing teachers and students in every grade access to this technology. Training in the use of Chromebooks is on-going, with the expectation that teachers will incorporate them into the curriculum and lesson plans.

The district continues focusing on areas such as: implementation of data driven instruction; replacement of computers and Chromebooks as needed throughout the district; purchasing iPads for student use, primarily in special education areas; providing Smart Boards and document cameras to teachers to enhance instruction in the classroom; and working as a professional learning community with the Watchung, Green Brook and Watchung Hills Regional School Districts 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, 2016.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized

on the basis of funds and account groups. These funds and account groups are explained in “Notes to 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, 2016 and the amount and percentages of increases and decreases in relation to prior year revenues.

	Amount	% of Total	Increase (Decrease) from Prior Year	% of Increase (Decrease)
Revenues				
Local Sources:				
Tax Levy:				
General	\$ 14,363,661	86.08%	\$ 156,966	1.10%
Debt Service	1,090,819	6.54%	169,669	18.42%
Other Revenues	183,661	1.10%	(31,801)	-14.76%
State Aid	798,590	4.79%	(40,966)	-4.88%
Federal Aid	249,383	1.49%	342	0.14%
Total	<u>\$ 16,686,114</u>	<u>100.00%</u>	<u>\$ 254,210</u>	1.55%

The following table presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2016:

	Amount	% of Total	Increase (Decrease) from Prior Year	% of Increase (Decrease)
Expenditures				
Current Expense	\$ 14,837,593	90.50%	\$ 389,932	2.70%
Capital Outlay	134,505	0.82%	(138,742)	-50.78%
Special Projects	298,315	1.82%	(276)	-0.09%
Debt Service:				
Principal	670,000	4.09%	145,000	27.62%
Interest	454,000	2.77%	24,669	5.75%
Total	<u>\$ 16,394,413</u>	<u>100.00%</u>	<u>\$ 420,583</u>	2.63%

Note: Excludes “on-behalf” payments, lease purchase requisitions and capital projects.

8) DEBT ADMINISTRATION: At June 30, 2016, At June 30, 2016 the District had total outstanding debt issues of \$ \$10,539,000.

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 workmen'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 firm of Bedard, Kurowicki and Company CPA's P.C. 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. 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.

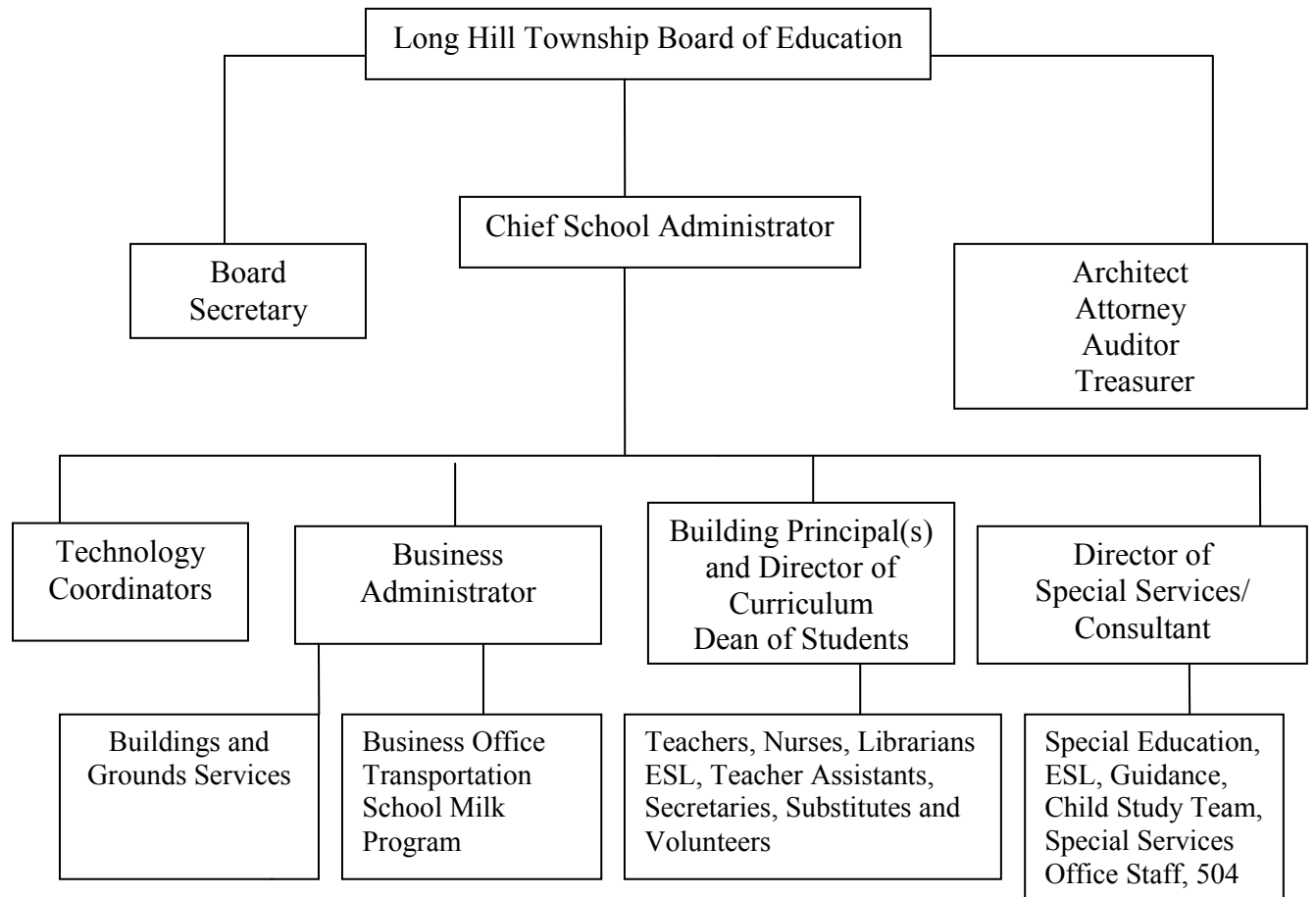
Respectfully submitted,



Dr. Edwin Acevedo
School Superintendent



John Esposito
Business Administrator/Board Secretary



LONG HILL TOWNSHIP SCHOOL DISTRICT

**Roster of Officials
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Nicholas Stevens	President	2017
Marta Moakley	Vice-President	2016
Rita Barone		2018
Reid Bundonis		2016
Ann Butler		2018
David Carn		2017
Matthew DiGiorgio		2016
Karen Ann Nyquist		2016
Jordana Raban		2017

Other Officials

Dr. Edwin Acevedo	Superintendent
John Esposito	Business Administrator / Board Secretary

LONG HILL TOWNSHIP SCHOOL DISTRICT

**Consultants & Advisors
June 30, 2016**

AUDIT FIRM

Bedard, Kurowicki & Co.
114 Broad Street
Flemington, NJ 08822

ATTORNEY

Schwartz Simon, Edelstein, Celso & Kessler
Ten James Street
Florham Park, NJ 07932

OFFICIAL DEPOSITORY

PNC Bank
38 Lyons Mall
Basking Ridge, NJ 07920

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



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

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 Long Hill Township School District, (the District) in the County of Morris, the State of New Jersey, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether do to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Long Hill Township School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension Contributions, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



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

November 30, 2016
Flemington, New Jersey

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$469,724 from 2015.
- General revenues accounted for \$20,352,014 or 97.96 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$424,783 or 2.04 percent of total revenues of \$20,776,797.
- Total assets of governmental activities increased by \$49,598 as cash and cash equivalents decreased by \$951,310, receivables and other assets decreased by \$143,932 and capital assets increased by \$1,144,840.
- The School District had \$20,307,073 in expenses; only \$424,783 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$20,352,014 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,948,411 in revenues and \$16,656,707 in expenditures. The General Fund's balance increased \$193,642 from 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. 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 Position 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

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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for 2016 compared to 2015.

**Table 1
Net Position**

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
ASSETS				
Current and Other Assets	\$ 3,968,050	\$ 5,065,996	\$ (1,097,946)	-21.67%
Capital Assets	34,035,715	32,890,875	1,144,840	3.48%
Total Assets	38,003,765	37,956,871	46,894	0.12%
Deferred Outflows of Resources	613,229	265,649	347,580	130.84%
LIABILITIES				
Long-term liabilities	14,237,191	14,546,410	(309,219)	-2.13%
Other liabilities	570,967	263,893	307,074	116.36%
Total liabilities	14,808,158	14,810,303	(2,145)	-0.01%
Deferred Inflows of Resources	98,039	171,144	(309,219)	-42.72%
NET POSITION				
Net Investment in Capital Assets	23,496,715	21,681,875	1,814,840	8.37%
Restricted	2,199,654	3,795,434	(1,595,780)	-42.04%
Unrestricted	(1,985,572)	(2,236,236)	250,664	-11.21%
Total Net Position	\$ 23,710,797	\$ 23,241,073	\$ 469,724	2.02%

Total assets increased \$46,894. Cash and cash equivalents decreased by \$983,901, receivables and other assets decreased by \$114,045 and capital assets increased by \$1,144,840. Unrestricted net position of the School District, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, increased by \$250,664.

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

Table 2 shows the changes in net position from fiscal year 2015.

**Table 2
Changes in Net Position**

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 118,888	\$ 180,944	\$ (62,056)	-34.30%
Operating Grants & Contributions	305,895	307,276	(1,381)	-0.45%
General Revenues:				
Property Taxes	15,454,480	15,127,845	326,635	2.16%
Unrestricted Grants	4,820,457	4,079,433	741,024	18.16%
Investment Income	2,036	2,238	(202)	-9.03%
Other	75,041	46,120	28,921	62.71%
Total Revenues	<u>20,776,797</u>	<u>19,743,856</u>	<u>1,032,941</u>	5.23%
PROGRAM EXPENSES				
Instruction:				
Regular	7,499,034	7,648,481	(149,447)	-1.95%
Special Education	3,130,071	2,875,287	254,784	8.86%
Other-Extracurricular Activities	475,292		475,292	-100.00%
Support Services:				
Tuition	603,911	451,199	152,712	33.85%
Students & Instruction Related Services	3,266,554	3,422,924	(156,370)	-4.57%
General & Business Admin.	1,302,615	916,395	386,220	42.15%
School Administration	1,217,675	865,078	352,597	40.76%
Maintenance	1,530,921	1,513,949	16,972	1.12%
Transportation	808,295	776,862	31,433	4.05%
Food Service-Milk Program	22,443	15,239	7,204	47.27%
Transfer to Charter Schools	27,683	58,986	(31,303)	-53.07%
Interest on Long Term Debt	422,579	443,059	(20,480)	-4.62%
Total Expense	<u>20,307,073</u>	<u>18,987,459</u>	<u>1,319,614</u>	6.95%
Increase (Decrease) Net Position	<u>\$ 469,724</u>	<u>\$ 756,397</u>	<u>\$ (286,673)</u>	-37.90%

Governmental Activities

Property taxes made up 74.38 percent of revenues for governmental activities for the Long Hill Township Public School District for fiscal year 2016.

Instruction comprised 54.68 percent of district expenses. Support service expenses make up 45.32 percent of the expenses.

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

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	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Instruction	\$ 11,104,397	\$ 10,523,768	\$ 11,056,087	\$ 10,424,458
Support Services:				
Tuition	603,911	451,199	391,202	244,357
Students and Instructional Staff	3,266,554	3,422,924	3,188,657	3,341,601
General and Business Admin.	1,302,615	916,395	1,302,615	916,395
School Administration	1,217,675	865,078	1,217,675	865,078
Plant Operations & Maintenance	1,530,921	1,513,949	1,506,646	1,484,904
Pupil Transportation	808,295	776,862	766,576	728,676
Food Services-Milk Program	22,443	15,239	2,570	(7,275)
Transfer to Charter Schools	27,683	58,986	27,683	58,986
Interest on Long Term Debt	422,579	443,059	422,579	442,059
	<u>\$ 20,307,073</u>	<u>\$ 18,987,459</u>	<u>\$ 19,882,290</u>	<u>\$ 18,499,239</u>

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

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

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

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

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 97.96 percent. The community, as a whole, is the primary support for the Long Hill Township Public School District.

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

The School District’s Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,337,545, expenditures of \$19,765,001. The net change in fund balance for the year was most significant in the Capital Projects Fund, a decrease of \$1,621,098. 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 2016 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 \$196,958 over original budgeted estimates of \$15,098,120. This difference was due primarily to additional state aid and tuition income.

The General fund expenditures and other financing uses of the School district were under revenues by \$191,737. 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 2016, the School District had \$34,065,715 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

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

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
Land	\$ 8,567,700	\$ 8,567,700		
Construction in Progress	3,037,227	1,371,123	\$ 1,666,104	121.51%
Buildings and Improvements	22,032,595	22,565,133	(532,538)	-2.36%
Machinery and Equipment	318,890	294,722	24,168	8.20%
Vehicles	79,303	92,197	(12,894)	-13.99%
	<u>\$ 34,035,715</u>	<u>\$ 32,890,875</u>	<u>\$ 1,144,840</u>	3.48%

Overall capital assets increased \$1,144,840 from fiscal year 2015 to fiscal year 2016. Increases in capital assets were offset by depreciation expenses for the year.

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
LONG HILL TOWNSHIP**

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

Debt Administration

At June 30, 2016, the School District had \$14,237,191 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2015, the School District’s overall legal debt margin was \$50,332,611 and the unvoted debt margin was \$39,793,611.

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

	6/30/2016	6/30/2015	Variance	
			Dollars	Percent
2014 School Bonds	\$ 1,339,000	\$ 1,464,000	\$ (125,000)	-8.54%
2012 School Bonds	9,200,000	9,745,000	(545,000)	-5.59%
Bond Premium	80,325	86,751	(6,426)	-7.41%
Compensated Absences	236,378	378,858	(142,480)	-37.61%
PERS Net Pension Liability	3,381,488	2,871,801	509,687	17.75%
	<u>\$ 14,237,191</u>	<u>\$ 14,456,410</u>	<u>\$ (309,219)</u>	<u>-2.13%</u>

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 is 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.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 663,021	\$ 8,180	\$ 671,201
Due from other funds	-	29,182	29,182
Receivables, net	1,423,151	1,503	1,424,654
Restricted assets	1,843,013	-	1,843,013
Capital assets, net (Note 4)			
Land	8,567,700	-	8,567,700
Capital assets not being depreciated	3,037,227	-	3,037,227
Other capital assets, net of depreciation	22,430,788	-	22,430,788
Total assets	<u>37,964,900</u>	<u>38,865</u>	<u>38,003,765</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>613,229</u>	<u>-</u>	<u>613,229</u>
Liabilities			
Accounts payable	315,869	802	316,671
Due to other funds	29,182	-	29,182
Payables to other governments	17,386	-	17,386
Accrued interest	176,728	-	176,728
Unearned revenue	31,000	-	31,000
Long-term liabilities (Note 5)			
Due within one year	721,426	-	721,426
Due beyond one year	13,515,765	-	13,515,765
Total liabilities	<u>14,807,356</u>	<u>802</u>	<u>14,808,158</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>98,039</u>	<u>-</u>	<u>98,039</u>
Net Position			
Net investment in capital assets	23,496,715	-	23,496,715
Restricted for			
Capital reserve	1,843,013	-	1,843,013
Capital projects	355,643	-	355,643
Debt Service	998	-	998
Unrestricted	<u>(2,023,635)</u>	<u>38,063</u>	<u>(1,985,572)</u>
Total net position	<u><u>\$ 23,672,734</u></u>	<u><u>\$ 38,063</u></u>	<u><u>\$ 23,710,797</u></u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 4,619,096	\$ 2,879,938	\$ 25,101	\$ -	\$ -	\$ (7,473,933)	\$ -	\$ (7,473,933)
Special education	1,389,625	1,740,446	15,500	-	-	(3,114,571)	-	(3,114,571)
Other special education	244,369	181,610	-	-	-	(425,979)	-	(425,979)
Other instruction	46,068	3,245	-	7,709	-	(41,604)	-	(41,604)
Support services								
Tuition	603,911	-	-	212,709	-	(391,202)	-	(391,202)
Students & instruction related services	2,216,578	1,049,976	-	77,897	-	(3,188,657)	-	(3,188,657)
General & business administration services	631,609	671,006	-	-	-	(1,302,615)	-	(1,302,615)
School administration services	660,172	557,503	-	-	-	(1,217,675)	-	(1,217,675)
Plant operations & maintenance	1,500,569	30,352	24,275	-	-	(1,506,646)	-	(1,506,646)
Pupil transportation	808,295	-	41,719	-	-	(766,576)	-	(766,576)
Transfer to charter schools	27,683	-	-	-	-	(27,683)	-	(27,683)
Interest on long-term debt	422,579	-	-	-	-	(422,579)	-	(422,579)
Total governmental activities	<u>13,170,554</u>	<u>7,114,076</u>	<u>106,595</u>	<u>298,315</u>	<u>-</u>	<u>(19,879,720)</u>	<u>-</u>	<u>(19,879,720)</u>
Business-type activities								
Food service - milk fund	22,443	-	12,293	7,580	-	-	(2,570)	(2,570)
Total business-type activities	<u>22,443</u>	<u>-</u>	<u>12,293</u>	<u>7,580</u>	<u>-</u>	<u>-</u>	<u>(2,570)</u>	<u>(2,570)</u>
Total primary government	<u>\$ 13,192,997</u>	<u>\$ 7,114,076</u>	<u>\$ 118,888</u>	<u>\$ 305,895</u>	<u>\$ -</u>	<u>(19,879,720)</u>	<u>(2,570)</u>	<u>(19,882,290)</u>

General revenues, special items & transfers

Property taxes levied for general purposes	14,363,661	-	14,363,661
Property taxes levied for debt service	1,090,819	-	1,090,819
Federal & State aid not restricted	4,820,457	-	4,820,457
Investment earnings	2,025	11	2,036
Miscellaneous income	75,041	-	75,041
Total general revenues, special items & transfers	<u>20,352,003</u>	<u>11</u>	<u>20,352,014</u>
Change in net position	472,283	(2,559)	469,724
Net position - beginning	23,200,451	40,622	23,241,073
Net position - ending	<u>\$ 23,672,734</u>	<u>\$ 38,063</u>	<u>\$ 23,710,797</u>

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, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 646,254	\$ 15,769	\$ -	\$ 998	\$ 663,021
Due from other funds	954,169	-	-	-	954,169
Receivables from other governments					
State	107,297	4,917	1,309,812	-	1,422,026
Other accounts receivable	1,125	-	-	-	1,125
Restricted cash & cash equivalents	1,843,013	-	-	-	1,843,013
Total assets	\$ 3,551,858	\$ 20,686	\$ 1,309,812	\$ 998	\$ 4,883,354
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 312,569	\$ 3,300	\$ -	\$ -	\$ 315,869
Due to other funds	29,182	-	954,169	-	983,351
Payable to Governments					
State	-	17,386	-	-	17,386
Unearned revenue	31,000	-	-	-	31,000
Total liabilities	372,751	20,686	954,169	-	1,347,606

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital projects fund balance	\$ -	\$ -	\$ 355,643	\$ -	\$ 355,643
Excess surplus - designated for subsequent year's expenditures	271,115				271,115
Excess surplus - current year	284,449				284,449
Committed fund balance					
Capital reserve	1,843,013	-	-	-	1,843,013
Assigned fund balance					
Encumbrances	429,087	-	-	-	429,087
Debt service fund balance	-	-	-	998	998
Unassigned fund balance	351,443	-	-	-	351,443
Total fund balances	<u>3,179,107</u>	<u>-</u>	<u>355,643</u>	<u>998</u>	<u>3,535,748</u>
Total liabilities and fund balances	<u>\$ 3,551,858</u>	<u>\$ 20,686</u>	<u>\$ 1,309,812</u>	<u>\$ 998</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$44,313,217 and the accumulated depreciation is \$10,277,502.	34,035,715
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	515,190
Long-term liabilities, including bonds payable and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds	(14,237,191)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	<u>(176,728)</u>
Total net position of governmental activities	<u>\$ 23,672,734</u>

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 14,363,661	\$ -	\$ -	\$ 1,090,819	\$ 15,454,480
Tuition charges					
Individuals	25,101	-	-	-	25,101
Other LEAs	15,500	-	-	-	15,500
Transportation fees from individuals	41,719	-	-	-	41,719
Interest on investments	2,025	-	-	-	2,025
Rents and royalties	24,275	-	-	-	24,275
Miscellaneous	75,041	3	-	-	75,044
	<u>14,547,322</u>	<u>3</u>	<u>-</u>	<u>1,090,819</u>	<u>15,638,144</u>
State sources	2,401,089	48,929	-	-	2,450,018
Federal sources	-	249,383	-	-	249,383
Total revenues	<u>16,948,411</u>	<u>298,315</u>	<u>-</u>	<u>1,090,819</u>	<u>18,337,545</u>
Expenditures					
Current					
Instructional					
Regular instruction	4,619,096	-	-	-	4,619,096
Special education instruction	1,389,625	-	-	-	1,389,625
Other special instruction	244,369	-	-	-	244,369
Other instruction	38,359	7,709	-	-	46,068
Support service & undistributed costs					
Tuition	391,202	212,709	-	-	603,911
Student & instruction related services	2,138,681	77,897	-	-	2,216,578
General & business administrative services	631,609	-	-	-	631,609
School administrative services	660,172	-	-	-	660,172
Plant operations & maintenance	1,500,569	-	-	-	1,500,569
Pupil transportation	808,295	-	-	-	808,295
Unallocated benefits	4,039,361	-	-	-	4,039,361

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 134,505	\$ -	\$ 1,719,160	\$ -	\$ 1,853,665
Transfers of funds to charter schools	27,683	-	-	-	27,683
Debt service					
Principal	-	-	-	670,000	670,000
Interest & other charges	33,181	-	-	420,819	454,000
Total expenditures	<u>16,656,707</u>	<u>298,315</u>	<u>1,719,160</u>	<u>1,090,819</u>	<u>19,765,001</u>
Excess (deficit) of revenues over (under) expenditures	<u>291,704</u>	<u>-</u>	<u>(1,719,160)</u>	<u>-</u>	<u>(1,427,456)</u>
Other financing sources (uses)					
Transfers in	-	-	98,062	-	98,062
Transfers out	(98,062)	-	-	-	(98,062)
Total other financing sources (uses)	<u>(98,062)</u>	<u>-</u>	<u>98,062</u>	<u>-</u>	<u>-</u>
Net change in fund balance	193,642	-	(1,621,098)	-	(1,427,456)
Fund balances, July 1	<u>2,985,465</u>	<u>-</u>	<u>1,976,741</u>	<u>998</u>	<u>4,963,204</u>
Fund balances, June 30	<u>\$ 3,179,107</u>	<u>\$ -</u>	<u>\$ 355,643</u>	<u>\$ 998</u>	<u>\$ 3,535,748</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, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ (1,427,456)

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 capital outlays exceeds depreciation in the period:

Capital outlays	\$ 1,853,665	
Depreciation expense	<u>(708,825)</u>	
		1,144,840

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	670,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred & amortized in the Statement of Activities:

Amortization of bond premium	6,426
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Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(89,002)

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2016

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.	\$ 24,995
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>142,480</u>
Change in net position of governmental activities	<u><u>\$ 472,283</u></u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	<u>Milk Service</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 8,180
Receivables from other governments	
Federal	1,503
Due from other funds	<u>29,182</u>
Total current assets	<u>38,865</u>
Noncurrent assets	
Capital assets	3,906
Less: accumulated depreciation	<u>3,906</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>38,865</u>
Liabilities	
Current liabilities	
Accounts payable	<u>802</u>
Total liabilities	<u>802</u>
Net Position	
Unrestricted	<u>38,063</u>
Total net position	<u><u>\$ 38,063</u></u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Milk Service</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 12,293
Total operating revenues	<u>12,293</u>
 Operating expenses	
Cost of sales - reimbursable programs	12,443
Salaries	<u>10,000</u>
Total operating expenses	<u>22,443</u>
 Operating income (loss)	 <u>(10,150)</u>
 Non-operating revenues (expenses)	
Federal sources	
Special milk program	7,580
Interest earned on investments	<u>11</u>
Total non-operating revenues (expenses)	<u>7,591</u>
 Change in net position	 (2,559)
 Net position, beginning	 <u>40,622</u>
 Net position, ending	 <u><u>\$ 38,063</u></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, 2016

	<u>Milk Service</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 12,294
Payments to vendors (net)	(22,589)
Net cash provided by (used for) operating activities	<u>(10,295)</u>
 Cash flows from non-capital financing activities	
Federal sources	(6,875)
Net interfund transactions	6,875
Net cash provided by (used for) noncapital financing activities	<u>-</u>
 Cash flows from investing activities	
Interest on investments	<u>11</u>
 Net increase (decrease) in cash and cash equivalents	(10,284)
 Cash and cash equivalents, beginning	<u>18,464</u>
 Cash and cash equivalents, ending	<u>\$ 8,180</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (10,150)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Increase (decrease) in accounts payable	<u>(145)</u>
 Net cash provided by (used for) operating activities	<u>\$ (10,295)</u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash and cash equivalents	\$ 141,448	\$ 59,738	\$ 137,497
Due from other funds	51,490	-	-
Total assets	<u>\$ 192,938</u>	<u>\$ 59,738</u>	<u>\$ 137,497</u>
Liabilities			
Due to other funds	\$ -	\$ -	\$ 51,490
Due to student groups	-	59,738	-
Payroll deductions and withholdings	-	-	86,007
Total liabilities	<u>-</u>	<u>\$ 59,738</u>	<u>\$ 137,497</u>
Net Position			
Held in trust for unemployment claims & other purposes	<u>\$ 192,938</u>		

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund
Additions	
Contributions	
Employee contributions	\$ 14,115
Investment earnings - interest	75
Total additions	14,190
 Deductions	
Unemployment claims	16,299
 Change in net position	(2,109)
 Net position, beginning of the year	195,047
 Net position, end of the year	\$ 192,938

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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:

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, 2016 of 821 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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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 non-operating 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 non-instructional 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

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 (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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.

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, if necessary, are voted upon at the annual school election in November. 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, 2016 were insignificant.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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.

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 unearned 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 2015-2016 and 2014-2015 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 receivable/payables

Short-term interfund receivables/payables represent 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned 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, 2016.

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.

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:

Assets	Years
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
Vehicles	4 - 8
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (i.e., 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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.

L. Unearned revenue

Unearned 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.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

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 position. Bond premiums and discounts 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental Funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- Non-Spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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

Note 1 - Summary of significant accounting policies (continued)

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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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. U.S. 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.

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, 2016 appear in the financial statements as summarized below:

Cash		\$ 2,852,897
	<u>Ref.</u>	
Cash		
Governmental Funds, Balance Sheet	B-1	\$ 2,506,034
Enterprise Funds, Statement of Net Position	B-4	8,180
Fiduciary Funds, Statement of Net Position	B-7	338,683
Total cash		<u>\$ 2,852,897</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$2,852,897 and the bank balance is \$3,268,045. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$ 3,018,045 is insured by GUDPA.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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 are required for:
 - Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government’s name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name
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 or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. 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, 2016, the District had no investments.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 8,567,700	\$ -	\$ -	\$ 8,567,700
Construction in progress	1,371,123	1,666,104	-	3,037,227
Total	<u>9,938,823</u>	<u>1,666,104</u>	<u>-</u>	<u>11,604,927</u>
Capital assets, being depreciated				
Building & improvements	31,519,249	113,682	-	31,632,931
Furniture equipment	859,222	73,879	-	933,101
Vehicles	142,258	-	-	142,258
	<u>32,520,729</u>	<u>187,561</u>	<u>-</u>	<u>32,708,290</u>
Accumulated depreciation				
Building & improvements	8,954,116	646,221	-	9,600,337
Furniture & equipment	564,500	49,711	-	614,211
Vehicles	50,061	12,893	-	62,951
	<u>9,568,677</u>	<u>708,825</u>	<u>-</u>	<u>10,277,502</u>
Total capital assets, being depreciated, net	<u>22,952,052</u>	<u>(521,264)</u>	<u>-</u>	<u>22,430,788</u>
Governmental activities capital assets, net	<u>\$ 32,890,875</u>	<u>\$ 1,144,840</u>	<u>\$ -</u>	<u>\$ 34,035,715</u>
Business type activities				
Furniture & equipment	\$ 3,906	\$ -	\$ -	\$ 3,906
Less: accumulated depreciation	<u>3,906</u>	<u>-</u>	<u>-</u>	<u>3,906</u>
Business type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	325,377
Special education		97,888
Other special instruction		17,214
Other instruction		3,245
Support services		
Student & instruction		156,139
General & business administration		51,554
School administration		39,441
Plant maintenance		17,967
Total depreciation expense, governmental activities	\$	<u>708,825</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 11,209,000	\$ 45,000	\$ 715,000	\$ 10,539,000	\$ 715,000
Bond premium	86,751	-	6,426	80,325	6,426
PERS net pension liability	2,871,801	509,687	-	3,381,488	-
Compensated absences payable	<u>378,858</u>	<u>-</u>	<u>142,480</u>	<u>236,378</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 14,546,410</u>	<u>\$ 554,687</u>	<u>\$ 863,906</u>	<u>\$ 14,237,191</u>	<u>\$ 721,426</u>

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, 2016, including interest payments are listed as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 715,000	\$ 385,587	\$ 1,100,587
2018	735,000	365,637	1,100,637
2019	760,000	345,137	1,105,137
2020	785,000	317,937	1,102,937
2021	815,000	289,837	1,104,837
2022 - 2026	4,184,000	984,538	5,168,538
2027 - 2029	<u>2,545,000</u>	<u>206,200</u>	<u>2,751,200</u>
Total	<u>\$ 10,539,000</u>	<u>\$ 2,894,873</u>	<u>\$ 13,433,873</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, with their outstanding balances are comprised of the following individual issues:

\$1,464,000 - 2014 general obligation school building bonds, interest at 2.00% to 2.50% due in annual installments beginning January 15, 2016, through January 15, 2024.	\$ 1,339,000
\$9,880,000 - 2012 general obligation school building bonds, interest at 3.00% to 4.00% due in annual installments beginning January 15, 2014, through January 15, 2029.	9,200,000
	\$ 10,539,000

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, 2016 is \$50,332,611. General obligation debt at June 30, 2016 is \$10,539,000, resulting in a legal debt margin of \$39,793,611.

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), 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 Pensions 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.

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

The following represents the membership Tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2015 and 2014, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Components of net pension liability (continued)

	2015	2014
Total pension liability	\$ 6,493,877	\$ 5,993,007
Plan fiduciary net position	3,112,389	3,121,206
Net pension liability	\$ 3,381,488	\$ 2,871,801

Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%
----------------------------------------------------------------------------	--------	--------

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

Inflation rate		3.04%
Salary increases (based on age)		
2012 - 2021		2.15% - 4.40%
Thereafter		3.15% - 5.40%
Investment rate of return		7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Long-term expected rate of return (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate (continued)

	2015
At current discount rate (4.90%)	3,381,488
At a 1% lower rate (3.90%)	4,202,776
At a 1% higher rate (5.90%)	2,692,926
	2014
At current discount rate (5.39%)	2,871,801
At a 1% lower rate (4.39%)	3,612,823
At a 1% higher rate (6.39%)	2,249,531

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,670	\$ -
Changes of assumptions	363,145	-
Net difference between projected and actual earnings on pension plan investments	-	54,368
Changes in proportion and differences between District contributions and proportionate share of contributions	39,907	43,671
District contributions subsequent to the measurement date	129,507	-
Total	\$ 613,229	\$ 98,039

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$129,507 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Changes of assumptions	\$ 88,686	\$ 450,125	\$ 94,996	\$ 443,815
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	168,075	(89,609)	24,098	54,368
Net of deferred outflows/(inflows)				\$ 389,447

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 70,899
2017	70,899
2018	70,899
2019	112,918
2020	63,832
Total	\$ 389,447

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$218,509, which represents the District's proportionate share of allocable plan pension expense of \$221,825, less the net amortization of deferred amounts from changes in proportion of \$264, and less other adjustments to the net pension liability of \$3,052. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

Service cost	\$	132,866
Interest on total pension liability		316,643
Member contributions		(73,496)
Administrative expense		2,469
Expected investment return net of investment expense		(226,242)
Pension expense related to specific liabilities of individual employers		(1,314)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		77,905
Amortization of expected versus actual experience		17,091
Amortization of projected versus actual investment earnings on pension plan investments		(24,097)
Pension expense	\$	221,825

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership Tiers for TPAF:

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

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

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Special funding situation (continued)

	2015	2014
Net pension liability	\$ 39,623,449	\$ 35,790,018
Employer pension expense and related revenue	2,419,368	1,925,839
Non-employer contribution	336,919	284,455
Allocable proportionate percentage	0.0626910940%	0.0669638877%

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 (\$8,300 in 2016) 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 website: 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, P.O. Box 295, Trenton, New Jersey 08625-0295.

Contribution requirements

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011, will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual 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 noncontributing employer of the TPAF.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 1,181,405	100%
06/30/15	876,983	100%
06/30/14	747,765	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 129,507	100%
06/30/15	126,449	100%
06/30/14	113,291	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$642,129 to the TPAF for post-retirement medical benefits, \$25,589 for non-contributory insurance premiums and \$513,687 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$470,023 during the year ended June 30, 2016 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 68.

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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 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, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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:

Prudential Equitable Life Assurance Valic

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2016 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 954,169	\$ 29,182
Capital Projects Fund	-	954,169
Milk Service Fund	29,182	-
Unemployment Compensation Fund	51,490	-
Payroll Agency Fund	-	51,490
	\$ 1,034,841	\$ 1,034,841

The balance due to the Milk Service Fund by the General Fund represents aid receivable in the General Fund not disbursed to the Milk Fund by year end. The balance due to the General Fund by the Capital Projects Fund represents a required loan due to delayed receipt of grant funds. The amount due by the Payroll Agency Fund to the Unemployment Compensation Fund represents employee withholdings for State unemployment not transferred at year-end.

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

Note 11 - Risk management (continued)

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:

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance
2015 - 2016	\$ -	\$ 75	\$ 14,115	\$ 16,299	\$ 192,938
2014 - 2015	-	68	13,480	1,662	195,047
2013 - 2014	50,000	68	12,755	11,304	183,161

Note 12 - Legal reserve accounts

A Capital Reserve Account was established by the District 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 State statute, the District deposited \$250,000 to their Capital Reserve Account by Board resolution in June 2016 as summarized in the following schedule. The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 1,691,075	\$ 250,000	\$ -	\$ -	\$ 98,062	\$ 1,843,013
Maintenance	126,620	-	-	-	126,620	-
Total	<u>\$ 1,817,695</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,682</u>	<u>\$ 1,843,013</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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, 2016 and 2015 is as follows:

	2016	2015
Restricted		
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 year's budgets.	\$ 284,449	\$ 271,115
Excess surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	271,115	295,456
Committed		
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,843,013	1,691,075
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA. (NJSA18A:76-9).	-	126,620
Assigned		
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,	429,087	209,792
Unassigned		
Undesignated - Represents fund balance which has not been restricted or designated.	409,364	451,233
Total fund balance	\$ 3,237,028	\$ 3,045,291

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 balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$284,449.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Subsequent events

The District has evaluated subsequent events through November 30, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 16 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of Paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of Paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$(2,023,635) on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 14,363,661	\$ -	\$ 14,363,661	\$ 14,363,661	\$ -
Tuition from individuals	25,000	-	25,000	25,101	101
Tuition from other LEAs within the State	-	-	-	15,500	15,500
Transportation fees from individuals	35,000	-	35,000	41,719	6,719
Rents and royalties	-	-	-	24,275	24,275
Unrestricted miscellaneous revenues	33,500	-	33,500	77,066	43,566
Interest earned on capital reserve funds	500	-	500	-	(500)
Total	<u>14,457,661</u>	<u>-</u>	<u>14,457,661</u>	<u>14,547,322</u>	<u>89,661</u>
State Sources					
Categorical transportation aid	56,278	-	56,278	56,278	-
Extraordinary aid	-	-	-	97,553	97,553
Categorical special education aid	542,296	-	542,296	542,296	-
Categorical security aid	12,108	-	12,108	12,108	-
Other state aids	29,777	-	29,777	39,521	9,744
TPAF Pension (on-behalf)	-	-	-	539,276	539,276
TPAF Social Security (reimbursed)	-	-	-	470,023	470,023
TPAF Post retirement benefits	-	-	-	642,129	642,129
Total	<u>640,459</u>	<u>-</u>	<u>640,459</u>	<u>2,399,184</u>	<u>1,758,725</u>
Total revenues	<u>\$ 15,098,120</u>	<u>\$ -</u>	<u>\$ 15,098,120</u>	<u>\$ 16,946,506</u>	<u>\$ 1,848,386</u>
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 259,316	\$ 1,000	\$ 260,316	\$ 260,316	\$ -
Grades 1-5	2,137,860	61,246	2,199,106	2,199,106	-
Grades 6-8	1,542,229	66,771	1,609,000	1,609,000	-
Home instruction					
Salaries of teacher	10,000	-	10,000	10,000	-
Regular programs - undistributed instruction					
Purchased professional - educational services	199,366	16,031	215,397	168,632	46,765
Other purchased services	133,970	(51,316)	82,654	82,615	39
General supplies	366,031	(106,310)	259,721	245,488	14,233
Textbooks	71,097	8,649	79,746	43,939	35,807
Other objects	2,580	(2,580)	-	-	-
Total	<u>4,722,449</u>	<u>(6,509)</u>	<u>4,715,940</u>	<u>4,619,096</u>	<u>96,844</u>
Special education					
Multiple disabilities					
Salaries of teachers	61,414	(61,414)	-	-	-
Other salaries for instruction	35,136	500	35,636	35,636	-
General supplies	10,740	(9,735)	1,005	400	605
Total	<u>107,290</u>	<u>(70,649)</u>	<u>36,641</u>	<u>36,036</u>	<u>605</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Resource room/resource center					
Salaries of teachers	\$ 1,127,220	\$ 58,196	\$ 1,185,416	\$ 1,185,416	\$ -
General supplies	14,642	-	14,642	12,089	2,553
Total	<u>1,141,862</u>	<u>58,196</u>	<u>1,200,058</u>	<u>1,197,505</u>	<u>2,553</u>
Autism					
Salaries of teachers	69,432	(69,432)	-	-	-
Other salaries for instruction	34,776	5,000	39,776	39,776	-
General supplies	2,430	-	2,430	434	1,996
Total	<u>106,638</u>	<u>(64,432)</u>	<u>42,206</u>	<u>40,210</u>	<u>1,996</u>
Preschool disabilities - part-time					
Salaries of teachers	88,481	(16,000)	72,481	72,481	-
Other salaries for instruction	35,819	6,500	42,319	42,319	-
General supplies	4,900	(4,148)	752	745	7
Total	<u>129,200</u>	<u>(13,648)</u>	<u>115,552</u>	<u>115,545</u>	<u>7</u>
Home instruction					
Salaries of teachers	10,000	(9,671)	329	329	-
Total	<u>10,000</u>	<u>(9,671)</u>	<u>329</u>	<u>329</u>	<u>-</u>
Total special education	<u>1,494,990</u>	<u>(100,204)</u>	<u>1,394,786</u>	<u>1,389,625</u>	<u>5,161</u>
Basic skills/remedial					
Salaries of teachers	165,581	20,209	185,790	185,790	-
General supplies	900	(575)	325	325	-
Total	<u>166,481</u>	<u>19,634</u>	<u>186,115</u>	<u>186,115</u>	<u>-</u>
Bilingual education - instruction					
Salaries of teachers	58,132	(253)	57,879	57,879	-
Other purchased services	550	(550)	-	-	-
General supplies	972	(597)	375	375	-
Total	<u>59,654</u>	<u>(1,400)</u>	<u>58,254</u>	<u>58,254</u>	<u>-</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	4,000	22,102	26,102	26,102	-
Purchased services	3,800	(3,800)	-	-	-
Other objects	1,925	(1,925)	-	-	-
Total	<u>9,725</u>	<u>16,377</u>	<u>26,102</u>	<u>26,102</u>	<u>-</u>
School-sponsored athletics - instruction					
Purchased services	-	11,498	11,498	11,234	264
Supplies and materials	-	1,023	1,023	1,023	-
Total	<u>-</u>	<u>12,521</u>	<u>12,521</u>	<u>12,257</u>	<u>264</u>
Total instruction regular	<u>\$ 6,453,299</u>	<u>\$ (59,581)</u>	<u>\$ 6,393,718</u>	<u>\$ 6,291,449</u>	<u>\$ 102,269</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - special	\$ 202,000	\$ 38,486	\$ 240,486	\$ 240,486	\$ -
Tuition to priv. school for the disabled w/i State	130,703	20,013	150,716	150,716	-
Total	<u>332,703</u>	<u>58,499</u>	<u>391,202</u>	<u>391,202</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	277,536	13,998	291,534	291,534	-
Purchased professional and technical services	5,000	(500)	4,500	4,500	-
Supplies and materials	5,165	1,755	6,920	6,755	165
Total	<u>287,701</u>	<u>15,253</u>	<u>302,954</u>	<u>302,789</u>	<u>165</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	370,939	(2,435)	368,504	368,504	-
Purchased professional - educational services	63,500	(30,747)	32,753	26,837	5,916
Supplies and materials	3,777	-	3,777	3,774	3
Total	<u>438,216</u>	<u>(33,182)</u>	<u>405,034</u>	<u>399,115</u>	<u>5,919</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	507,972	(43,906)	464,066	464,066	-
Purchased professional - educational services	98,400	(33,507)	64,893	64,893	-
Supplies and materials	7,800	6,640	14,440	14,440	-
Total	<u>614,172</u>	<u>(70,773)</u>	<u>543,399</u>	<u>543,399</u>	<u>-</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	150,956	(4,000)	146,956	146,956	-
Other purchased professional & technical services	8,360	(8,360)	-	-	-
Other purchased services	1,000	(1,000)	-	-	-
Supplies and materials	6,290	(3,747)	2,543	2,413	130
Total	<u>166,606</u>	<u>(17,107)</u>	<u>149,499</u>	<u>149,369</u>	<u>130</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	310,081	(5,000)	305,081	305,081	-
Salaries of secretarial and clerical assistants	75,895	5,500	81,395	81,395	-
Purchased professional - educational services	75,725	3,415	79,140	78,090	1,050
Other purchased professional & technical services	12,000	(12,000)	-	-	-
Other purchased services	-	442	442	442	-
Miscellaneous purchased service	11,580	(9,625)	1,955	1,955	-
Supplies and materials	12,381	(3,317)	9,064	8,116	948
Total	<u>497,662</u>	<u>(20,585)</u>	<u>477,077</u>	<u>475,079</u>	<u>1,998</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	60,296	-	60,296	60,296	-
Salaries of secretarial & clerical assist	9,286	(9,286)	-	-	-
Other purchased services	900	(900)	-	-	-
Total	<u>70,482</u>	<u>(10,186)</u>	<u>60,296</u>	<u>60,296</u>	<u>-</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 171,341	\$ 12,000	\$ 183,341	\$ 183,341	\$ -
Purchased professional and technical services	3,000	(3,000)	-	-	-
Other purchased services	500	(500)	-	-	-
Supplies and materials	75,958	(62,697)	13,261	12,869	392
Total	250,799	(54,197)	196,602	196,210	392
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	2,067	1,191	3,258	1,579	1,679
Other purchased services	25,000	1,395	26,395	10,845	15,550
Supplies and materials	2,330	(2,330)	-	-	-
Total	29,397	256	29,653	12,424	17,229
Undistributed expend. - support service - general admin.					
Salaries	205,091	-	205,091	205,091	-
Legal services	39,460	19,300	58,760	55,912	2,848
Audit fees	25,000	(4,500)	20,500	20,500	-
Communications/telephone	60,000	(30,136)	29,864	29,354	510
Misc purch services	-	5,257	5,257	5,215	42
General supplies	-	3,000	3,000	2,465	535
Miscellaneous expenditures	-	31,615	31,615	31,009	606
BOE membership dues and fees	10,000	(1,145)	8,855	7,883	972
Total	339,551	23,391	362,942	357,429	5,513
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	324,367	-	324,367	324,367	-
Salaries of secretarial and clerical assistants	210,879	15,286	226,165	224,704	1,461
Supplies and materials	5,217	7,005	12,222	8,622	3,600
Other objects	210	2,011	2,221	2,221	-
Total	540,673	24,302	564,975	559,914	5,061
Undistributed expenditures - central services					
Salaries	263,590	173	263,763	263,763	-
Supplies and materials	-	11,245	11,245	9,454	1,791
Other objects	-	963	963	963	-
Total	263,590	12,381	275,971	274,180	1,791
Undistributed expenditures - admin. info. technology					
Salaries	100,258	-	100,258	100,258	-
Total	100,258	-	100,258	100,258	-
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	257,072	(52,513)	204,559	181,155	23,404
General supplies	155,230	(89,953)	65,277	37,692	27,585
Total	412,302	(142,466)	269,836	218,847	50,989

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 10,000	\$ 3,930	\$ 13,930	\$ 13,930	\$ -
Purchased professional and technical services	859,057	16,364	875,421	875,421	-
Cleaning, repair, and maintenance service	5,000	15,000	20,000	18,844	1,156
Other purchased property services	28,500	(13,008)	15,492	14,907	585
Insurance	92,000	(3,182)	88,818	88,568	250
Miscellaneous purchased services	16,000	(2,500)	13,500	13,500	-
General supplies	3,000	(3,000)	-	-	-
Energy (electricity)	382,577	(121,557)	261,020	256,552	4,468
Total	<u>1,396,134</u>	<u>(107,953)</u>	<u>1,288,181</u>	<u>1,281,722</u>	<u>6,459</u>
Undistributed expenditures - student transportation service					
Contract service - aid in lieu pymts - non-public schools	51,480	(8,262)	43,218	43,218	-
Contract service (between home & school) - vendors	424,720	(9,287)	415,433	403,192	12,241
Contract service (oth. than between home & school) - vend	2,000	-	2,000	814	1,186
Contract service (sp ed stds) - joint agreements	335,083	26,747	361,830	361,071	759
Miscellaneous purchased services - transportation	24,000	(24,000)	-	-	-
Total	<u>837,283</u>	<u>(14,802)</u>	<u>822,481</u>	<u>808,295</u>	<u>14,186</u>
Unallocated benefits - employee benefits					
Social Security contributions	150,000	11,183	161,183	154,259	6,924
Other retirement contributions - PERS	150,000	(20,493)	129,507	129,507	-
Workmen's compensation	100,656	(19,388)	81,268	81,268	-
Health benefits	2,004,946	98,424	2,103,370	1,960,039	143,331
Tuition reimbursement	35,000	(15,000)	20,000	19,329	671
Other employee benefits	100,086	(23,475)	76,611	43,531	33,080
Total	<u>2,540,688</u>	<u>31,251</u>	<u>2,571,939</u>	<u>2,387,933</u>	<u>184,006</u>
On-behalf TPAF pension contribution	-	-	-	539,276	(539,276)
On-behalf TPAF post retirement medical benefits	-	-	-	642,129	(642,129)
Reimbursed TPAF Social Security contribution	-	-	-	470,023	(470,023)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,651,428</u>	<u>(1,651,428)</u>
Total undistributed expenditures	<u>\$ 9,118,217</u>	<u>\$ (305,918)</u>	<u>\$ 8,812,299</u>	<u>\$ 10,169,889</u>	<u>\$ (1,357,590)</u>
Total current	<u>\$ 15,571,516</u>	<u>\$ (365,499)</u>	<u>\$ 15,206,017</u>	<u>\$ 16,461,338</u>	<u>\$ (1,255,321)</u>
Capital outlay					
Equipment					
Grades 1-5	\$ 13,576	\$ 20,873	\$ 34,449	\$ 34,449	\$ -
Grades 6-8	-	7,070	7,070	7,070	-
Undistributed					
Undistributed expenditures - instruction	54,000	(44,047)	9,953	8,660	1,293
Undistributed expend. - required maint. for school facilities	-	30,430	30,430	30,430	-
Total equipment	<u>67,576</u>	<u>14,326</u>	<u>81,902</u>	<u>80,609</u>	<u>1,293</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Facilities acquisition and construction service					
Architectural/engineering services	\$ 1,850	\$ 220	\$ 2,070	\$ 2,070	\$ -
Construction services	-	356,793	356,793	51,826	304,967
Assessment for debt service on SDA funding	33,181	-	33,181	33,181	-
Total facilities acquisition and construction service	<u>35,031</u>	<u>357,013</u>	<u>392,044</u>	<u>87,077</u>	<u>304,967</u>
Total capital outlay	<u>\$ 102,607</u>	<u>\$ 371,339</u>	<u>\$ 473,946</u>	<u>\$ 167,686</u>	<u>\$ 306,260</u>
Transfer of funds to charter schools	\$ 55,365	\$ -	\$ 55,365	\$ 27,683	\$ 27,682
Total expenditures	<u>\$ 15,729,488</u>	<u>\$ 5,840</u>	<u>\$ 15,735,328</u>	<u>\$ 16,656,707</u>	<u>\$ (921,379)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (631,368)</u>	<u>\$ (5,840)</u>	<u>\$ (637,208)</u>	<u>\$ 289,799</u>	<u>\$ 927,007</u>
Other financing sources (uses)					
Capital reserve - transfer to capital projects fund	-	-	-	(98,062)	(98,062)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,062)</u>	<u>(98,062)</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(631,368)	(5,840)	(637,208)	191,737	828,945
Fund balances, July 1	3,045,291	-	3,045,291	3,045,291	-
Fund balances, June 30	<u>\$ 2,413,923</u>	<u>\$ (5,840)</u>	<u>\$ 2,408,083</u>	<u>\$ 3,237,028</u>	<u>\$ 828,945</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (209,792)	\$ -	\$ (209,792)	\$ (209,792)	\$ -
Increase in capital reserve	-	100,000	100,000	250,000	150,000
Interest deposit to capital reserve	500	-	500	-	(500)
Withdrawal from capital reserve	-	(98,062)	-	(98,062)	(98,062)
Withdrawal from maintenance reserve	(126,620)	-	(126,620)	(126,620)	-
Budgeted fund balance	<u>(295,456)</u>	<u>(7,778)</u>	<u>(401,296)</u>	<u>376,211</u>	<u>777,507</u>
Total	<u>\$ (631,368)</u>	<u>\$ (5,840)</u>	<u>\$ (637,208)</u>	<u>\$ 191,737</u>	<u>\$ 828,945</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 271,115	
Excess surplus - current year				284,449	
Committed fund balance					
Capital reserve				1,843,013	
Assigned fund balance					
Year-end encumbrances				429,087	
Unassigned fund balance				<u>409,364</u>	
Fund balance per budgetary basis				3,237,028	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(57,921)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,179,107</u>	

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 66,315	\$ -	\$ 66,315	\$ 48,929	\$ (17,386)
Local sources	3	-	3	3	-
Federal sources	249,533	-	249,533	249,533	-
Total revenues	<u>\$ 315,851</u>	<u>\$ -</u>	<u>\$ 315,851</u>	<u>\$ 298,465</u>	<u>\$ (17,386)</u>
Expenditures					
Instruction					
Tuition	\$ 212,709	\$ -	\$ 212,709	\$ 212,709	\$ -
Textbooks	7,709	-	7,709	7,709	-
Totals	<u>220,418</u>	<u>-</u>	<u>220,418</u>	<u>220,418</u>	<u>-</u>
Support services					
Salaries	-	39,571	39,571	22,410	17,161
Purchased professional & technical services	58,606	(46,456)	12,150	12,150	-
Other purchased services	36,824	3,510	40,334	40,334	-
Supplies	3	3,375	3,378	3,153	225
Total	<u>95,433</u>	<u>-</u>	<u>95,433</u>	<u>78,047</u>	<u>17,386</u>
Total expenditures	<u>\$ 315,851</u>	<u>\$ -</u>	<u>\$ 315,851</u>	<u>\$ 298,465</u>	<u>\$ 17,386</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budgetary Comparison Schedule

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

	General Fund	Special Revenue Fund
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 16,946,506	\$ 298,465
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	-	-
Outstanding encumbrances current year	-	150
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	59,826	-
State aid receivable current year	(57,921)	-
Total revenues (GAAP Basis)	\$ 16,948,411	\$ 298,615
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 16,656,707	\$ 298,465
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	-	-
Outstanding encumbrances current year	-	(150)
Total expenditures (GAAP basis)	\$ 16,656,707	\$ 298,315

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	N/A	39,623,449	35,790,018	33,336,637	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 39,623,449	\$ 35,790,018	\$ 33,336,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 6,724,784	\$ 6,463,514	\$ 6,383,823	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 539,276	\$ 338,931	\$ 283,285	\$ 426,216	\$ 209,551	\$ 20,755	\$ 22,534	\$ 21,916	\$ 481,048	N/A
Contributions in relation to the contractually required contribution	(539,276)	(338,931)	(283,285)	(426,216)	(209,551)	(20,755)	(22,534)	(21,916)	(481,048)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 6,598,498	\$ 6,724,784	\$ 6,463,514	\$ 6,383,823	\$ 6,561,591	\$ 6,375,266	\$ 6,533,458	\$ 6,482,260	\$ 6,448,917	N/A
Contributions as a percentage of covered employee payroll	8.17%	5.04%	4.38%	6.68%	3.19%	0.33%	0.34%	0.34%	7.46%	N/A

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.0150636512%	0.0153385750%	0.0150357095%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 3,381,488	\$ 2,871,801	\$ 2,873,623	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	1,078,481	968,092	1,066,266	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	313.54%	296.65%	269.50%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 129,507	\$ 126,499	\$ 113,291	\$ 115,967	\$ 110,591	\$ 146,794	\$ 138,103	\$ 70,361	\$ 93,473	N/A
Contributions in relation to the contractually required contribution	(129,507)	(126,499)	(113,291)	(115,967)	(110,591)	(146,794)	(138,103)	(70,361)	(93,473)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 999,567	\$ 1,078,481	\$ 968,092	\$ 1,066,266	\$ 1,031,709	\$ 1,017,279	\$ 928,626	\$ 1,508,554	\$ 1,555,754	N/A
Contributions as a percentage of covered employee payroll	12.96%	11.73%	11.70%	10.88%	10.72%	14.43%	14.87%	4.66%	6.01%	N/A

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the Supplemental Schedule of Employer Special Funding Allocations and the Supplemental Schedule of Special Funding amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

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 Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	IDEA Basic	IDEA Preschool	NCLB Title IIA	NJ Non-public	Local Grants	Total
Revenues						
State sources	\$ -	\$ -	\$ -	\$ 48,929	\$ -	\$ 48,929
Local sources	-	-	-	-	3	3
Federal sources	218,943	11,235	19,355	-	-	249,533
Total revenues	\$ 218,943	\$ 11,235	\$ 19,355	\$ 48,929	\$ 3	\$ 298,465
Expenditures						
Instruction						
Tuition	\$ 201,474	\$ 11,235	\$ -	\$ -	\$ -	\$ 212,709
Textbooks	-	-	-	7,709	-	7,709
Total	201,474	11,235	-	7,709	-	220,418
Support services						
Salaries	-	-	-	22,410	-	22,410
Purchased professional and technical services	-	-	-	12,150	-	12,150
Other purchased services	17,469	-	19,355	3,510	-	40,334
Supplies	-	-	-	3,150	3	3,153
Total	17,469	-	19,355	41,220	3	78,047
Total expenditures	\$ 218,943	\$ 11,235	\$ 19,355	\$ 48,929	\$ 3	\$ 298,465

See independent auditors' report.

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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Central Middle School					
Upgrades to HVAC System	03/11/14	\$ 860,240	\$ 143,063	\$ 708,100	\$ 9,077
Gillette Elementary School					
Upgrades to HVAC System	03/11/14	436,507	73,877	362,630	-
Millington Elementary School					
Upgrades to HVAC System	03/11/14	659,572	100,658	550,368	8,546
Millington Elementary School					
Partial Roof Replacement	03/11/14	1,317,493	979,473	-	338,020
Media Renovation & ADA Upgrades	N/A	98,062	-	98,062	-
		<u>\$ 3,371,874</u>	<u>\$ 1,297,071</u>	<u>\$ 1,719,160</u>	<u>\$ 355,643</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues and other financing sources	
Local sources - transfer from capital reserve	\$ 98,062
Total revenues	<u>98,062</u>
Expenditures	
Purchased professional & services	30,563
Construction services	1,688,597
Total expenditures	<u>1,719,160</u>
Excess (deficiency) of revenues and other financing sources	
Over (under) expenditures and other financing uses	(1,621,098)
Net position - beginning	<u>1,976,741</u>
Net position - ending	<u><u>\$ 355,643</u></u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Central Middle School Upgrades to HVAC System
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 516,000	\$ -	\$ 516,000	\$ 516,000
State source - School Development Authority Grant	344,240	-	344,240	344,240
Total revenues	<u>860,240</u>	<u>-</u>	<u>860,240</u>	<u>860,240</u>
Expenditures and other financing uses				
Purchased professional services	71,523	12,489	84,012	71,000
Construction services	71,540	695,611	767,151	789,240
Total expenditures	<u>143,063</u>	<u>708,100</u>	<u>851,163</u>	<u>860,240</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 717,177</u>	<u>\$ (708,100)</u>	<u>\$ 9,077</u>	<u>\$ -</u>

Additional project information

Project number	4000-060-14-1001
Grant date	06/18/14
Bond authorization date	03/11/14
Bonds authorized	\$ 516,360
Bonds issued	\$ 516,000
Original authorized cost	\$ 860,600
Additional authorized cost	\$ (360)
Revised authorized cost	\$ 860,240
Percentage completion	98.9%

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Gillette Elementary School Upgrades to HVAC System
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 261,000	\$ -	\$ 261,000	\$ 261,000
State source - School Development Authority Grant	174,000	-	174,000	174,000
Transfer in from capital reserve	-	1,507	1,507	1,507
Total revenues	<u>435,000</u>	<u>1,507</u>	<u>436,507</u>	<u>436,507</u>
Expenditures and other financing uses				
Purchased professional services	41,537	8,625	50,162	50,162
Construction services	32,340	354,005	386,345	386,345
Total expenditures	<u>73,877</u>	<u>362,630</u>	<u>436,507</u>	<u>436,507</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 361,123</u>	<u>\$ (361,123)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information

Project number	4000-060-14-1002
Grant date	06/18/14
Bond authorization date	03/11/14
Bonds authorized	\$ 261,000
Bonds issued	\$ 261,000
Original authorized cost	\$ 435,000
Additional authorized cost	\$ 1,507
Revised authorized cost	\$ 436,507
Percentage completion	100.00%

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Millington Elementary School Upgrades to HVAC System
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 395,600	\$ -	\$ 395,600	\$ 395,600
State source - School Development Authority Grant	263,972	-	263,972	263,972
Total revenues	<u>659,572</u>	<u>-</u>	<u>659,572</u>	<u>659,572</u>
Expenditures and other financing uses				
Purchased professional services	57,538	8,824	66,362	54,500
Construction services	43,120	541,544	584,664	605,072
Total expenditures	<u>100,658</u>	<u>550,368</u>	<u>651,026</u>	<u>659,572</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 558,914</u>	<u>\$ (550,368)</u>	<u>\$ 8,546</u>	<u>\$ -</u>

Additional project information

Project number	4000-060-14-1003
Grant date	06/18/14
Bond authorization date	03/11/14
Bonds authorized	\$ 395,600
Bonds issued	\$ 395,600
Original authorized cost	\$ 659,930
Additional authorized cost	\$ (358)
Revised authorized cost	\$ 659,572
Percentage completion	98.70%

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Millington Elementary School Partial Roof Replacement
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 291,400	\$ -	\$ 291,400	\$ 291,400
State source - School Development Authority Grant	527,600	-	527,600	527,600
Transfer in from capital reserve	500,000	(1,507)	498,493	498,493
Total revenues	<u>1,319,000</u>	<u>(1,507)</u>	<u>1,317,493</u>	<u>1,317,493</u>
Expenditures and other financing uses				
Purchased professional services	12,687	-	12,687	57,493
Construction services	966,786	-	966,786	1,260,000
Total expenditures	<u>979,473</u>	<u>-</u>	<u>979,473</u>	<u>1,317,493</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 339,527</u>	<u>\$ (1,507)</u>	<u>\$ 338,020</u>	<u>\$ -</u>

Additional project information

Project number	4000-060-14-1004
Grant date	06/18/14
Bond authorization date	03/11/14
Bonds authorized	\$ 291,400
Bonds issued	\$ 291,400
Original authorized cost	\$ 1,319,000
Additional authorized cost	\$ (1,507)
Revised authorized cost	\$ 1,317,493
Percentage completion	74.34%

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Media Renovation, Cupola, & ADA Upgrades
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer in from capital reserve	\$ -	\$ 98,062	\$ 98,062	\$ 98,062
Total revenues	<u>-</u>	<u>98,062</u>	<u>98,062</u>	<u>98,062</u>
Expenditures and other financing uses				
Purchased professional services	-	625	625	625
Construction services - media center	-	47,145	47,145	47,145
Construction services - cupola	-	50,292	50,292	50,292
Total expenditures	<u>-</u>	<u>98,062</u>	<u>98,062</u>	<u>98,062</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information

Project number	N/A
Grant date	N/A
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 98,062
Additional authorized cost	\$ -
Revised authorized cost	\$ 98,062
Percentage completion	100.00%

See independent auditors' 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 Position
Milk Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Assets	
Current assets	
Cash and cash equivalents	\$ 8,180
Receivables from other governments	
Federal	1,503
Due from other funds	<u>29,182</u>
Total current assets	<u>38,865</u>
Noncurrent assets	
Capital assets	3,906
Less: accumulated depreciation	<u>3,906</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>38,865</u>
Liabilities	
Current liabilities	
Accounts payable	<u>802</u>
Total liabilities	<u>802</u>
Net position	
Unrestricted	<u>38,063</u>
Total net position	<u>\$ 38,063</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Milk Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 12,293
Total operating revenues	<u>12,293</u>
Operating expenses	
Cost of sales - reimbursable programs	12,443
Salaries	<u>10,000</u>
Total operating expenses	<u>22,443</u>
Operating income (loss)	<u>(10,150)</u>
Non-operating revenues (expenses)	
Federal sources	
Special milk program	7,580
Interest earned on investments	<u>11</u>
Total non-operating revenues (expenses)	<u>7,591</u>
Change in net position	(2,559)
Net position, beginning	<u>40,622</u>
Net position, ending	<u>\$ 38,063</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Milk Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers	\$ 12,294
Payments to vendors (net)	(22,589)
Net cash provided by operating activities	<u>(10,295)</u>
Cash flows from noncapital financing activities	
Federal sources	(6,875)
Net interfund receivable	6,875
Net cash provided by (used for) non capital financing activities	<u>-</u>
Cash flows from investing activities	
Interest on investments	11
Net increase in cash and cash equivalents	(10,284)
Cash and cash equivalents, July 1	<u>18,464</u>
Cash and cash equivalents, June 30	<u>\$ 8,180</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (10,150)
Adjustments to reconcile operating income to net cash provided by operating activities	
Increase (decrease) in accounts payable	(145)
Net cash provided by (used for) operating activities	<u>\$ (10,295)</u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Schedule of Net Position in Fiduciary Funds
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 141,448	\$ 59,738	\$ 137,497	\$ 338,683
Due from other funds	51,490	-	-	51,490
Total assets	<u>\$ 192,938</u>	<u>\$ 59,738</u>	<u>\$ 137,497</u>	<u>\$ 390,173</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ 51,490	\$ 51,490
Due to students groups	-	59,738	-	59,738
Payroll deductions & withholdings	-	-	86,007	86,007
Total liabilities	<u>-</u>	<u>59,738</u>	<u>137,497</u>	<u>197,235</u>
Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 192,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,938</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee withholdings	\$ 14,115
Investment earnings - interest	<u>75</u>
Total additions	14,190
Deductions	
Unemployment claims	<u>16,299</u>
Change in net position	(2,109)
Net position, beginning of the year	<u>195,047</u>
Net position, end of the year	<u><u>\$ 192,938</u></u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 56,108	\$ 121,399	\$ 117,769	\$ 59,738
Total assets	\$ 56,108	\$ 121,399	\$ 117,769	\$ 59,738
Liabilities				
Due to student groups				
Gillette School	\$ 2,926	\$ 3,658	\$ 3,742	\$ 2,842
Millington School	7,950	15,876	14,125	9,701
Central School	44,372	101,865	99,798	46,439
Longo Scholarship	860	-	104	756
Total liabilities	\$ 56,108	\$ 121,399	\$ 117,769	\$ 59,738

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 76,551	\$ 11,741,885	\$ 11,680,939	\$ 137,497
Total assets	\$ 76,551	\$ 11,741,885	\$ 11,680,939	\$ 137,497
Liabilities				
Due to other funds	\$ 37,375	\$ 14,115	\$ -	\$ 51,490
Payroll deductions and withholdings	29,740	6,833,656	6,793,915	69,481
Net payroll	9,436	4,894,114	4,887,024	16,526
Total liabilities	\$ 76,551	\$ 11,741,885	\$ 11,680,939	\$ 137,497

See independent auditors' report.

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
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/2015	Issued	Retired	Balance 6/30/2016	
			Date	Amount						
Refunding school bonds of 2012	03/16/12	\$ 9,880,000	01/15/17	\$ 565,000	3.00%	\$ -	\$ -	\$ -	\$ -	
			01/15/18	580,000		-	-	-	-	
			01/15/19	600,000		-	-	-	-	
			01/15/20	620,000		-	-	-	-	
			01/15/21	645,000		-	-	-	-	
			01/15/22	675,000		-	-	-	-	
			01/15/23	700,000		-	-	-	-	
			01/15/24	725,000		-	-	-	-	
			01/15/25	755,000		-	-	-	-	
			01/15/26	790,000		-	-	-	-	
			01/15/27	815,000		-	-	-	-	
			01/15/28	850,000		-	-	-	-	
			01/15/29	880,000		4.00%	9,745,000	-	545,000	9,200,000
School bonds of 2014	07/18/14	\$ 1,464,000	01/15/17	150,000	2.25%	-	-	-	-	
			01/15/18	155,000		-	-	-	-	
			01/15/19	160,000		-	-	-	-	
			01/15/20	165,000		-	-	-	-	
			01/15/21	170,000		-	-	-	-	
			01/15/22	175,000		2.50%	-	-	-	-
			01/15/23	180,000		-	-	-	-	
			01/15/24	184,000		-	-	-	-	
						1,464,000	-	125,000	1,339,000	
						\$ 11,209,000	\$ -	\$ 670,000	\$ 10,539,000	

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 1,090,819	\$ -	\$ 1,090,819	\$ 1,090,819	\$ -
Total revenues	<u>1,090,819</u>	<u>-</u>	<u>1,090,819</u>	<u>1,090,819</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	670,000	-	670,000	670,000	-
Interest	420,819	-	420,819	420,819	-
Total expenditures	<u>1,090,819</u>	<u>-</u>	<u>1,090,819</u>	<u>1,090,819</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>998</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 998</u>	<u>\$ -</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
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
REVENUE CAPACITY	
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
DEBT CAPACITY	
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
DEMOGRAPHIC AND ECONOMIC INFORMATION	
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
OPERATING INFORMATION	
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 are derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.	

LONG HILL TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715
Restricted	452,565	118,474	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654
Unrestricted	(472,419)	(700,680)	(633,888)	36,864	124,544	222,266	210,364	(1,349,281)	(2,276,858)	(2,023,635)
Total governmental activities	<u>\$ 18,637,473</u>	<u>\$ 18,610,308</u>	<u>\$ 18,908,473</u>	<u>\$ 19,868,367</u>	<u>\$ 21,110,808</u>	<u>\$ 21,623,663</u>	<u>\$ 22,607,875</u>	<u>\$ 22,451,340</u>	<u>\$ 23,200,451</u>	<u>\$ 23,672,734</u>
Business-type activities										
Unrestricted	\$ 12,409	\$ 16,499	\$ 25,427	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063
Total business-type activities	<u>\$ 12,409</u>	<u>\$ 16,499</u>	<u>\$ 25,427</u>	<u>\$ 31,351</u>	<u>\$ 11,045</u>	<u>\$ 21,499</u>	<u>\$ 23,641</u>	<u>\$ 33,336</u>	<u>\$ 40,622</u>	<u>\$ 38,063</u>
District-wide										
Net investment in capital assets	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715
Restricted	452,565	118,474	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654
Unrestricted	(460,010)	(684,181)	(608,461)	68,215	135,589	243,765	234,005	(1,315,945)	(2,236,236)	(1,985,572)
Total district-wide	<u>\$ 18,649,882</u>	<u>\$ 18,626,807</u>	<u>\$ 18,933,900</u>	<u>\$ 19,899,718</u>	<u>\$ 21,121,853</u>	<u>\$ 21,645,162</u>	<u>\$ 22,631,516</u>	<u>\$ 22,484,676</u>	<u>\$ 23,241,073</u>	<u>\$ 23,710,797</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,727,464	\$ 5,871,643	\$ 5,620,816	\$ 5,603,517	\$ 5,852,056	\$ 6,141,698	\$ 6,294,323	\$ 6,033,482	\$ 7,648,481	\$ 7,499,034
Special education	2,321,671	2,373,644	2,621,360	2,494,046	2,481,953	2,563,200	2,621,952	2,176,706	2,573,456	3,130,071
Other instruction	58,942	56,521	75,330	21,811	25,502	19,579	14,067	436,643	301,831	475,292
Support services										
Tuition	340,974	513,412	502,813	804,488	645,210	662,714	517,792	373,716	451,199	603,911
Student & instruction related services	2,315,009	2,436,315	2,465,804	2,531,533	2,561,944	2,930,424	3,097,528	3,167,895	3,422,924	3,266,554
General & business administrative services	991,788	926,270	999,666	1,006,656	863,363	1,086,748	853,858	899,858	916,395	1,302,615
School administration	813,909	823,156	727,558	764,940	767,969	836,833	776,974	841,903	865,078	1,217,675
Plant operations & maintenance	1,572,505	1,578,975	1,665,687	1,387,920	1,352,905	1,440,633	1,439,681	1,472,539	1,513,949	1,530,921
Pupil transportation	842,923	973,865	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295
Transfer to charter school	-	-	-	-	-	-	38,307	55,637	58,986	27,683
Interest on long-term debt	752,536	716,315	676,639	635,426	637,769	502,399	477,568	451,154	443,059	422,579
Total governmental activities expenses	<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>	<u>17,090,671</u>	<u>17,012,309</u>	<u>16,635,038</u>	<u>18,972,220</u>	<u>20,284,630</u>
Business-type activities										
Milk service fund	24,467	27,609	24,557	24,114	51,609	18,229	21,968	14,103	15,239	22,443
Total business-type activities	<u>24,467</u>	<u>27,609</u>	<u>24,557</u>	<u>24,114</u>	<u>51,609</u>	<u>18,229</u>	<u>21,968</u>	<u>14,103</u>	<u>15,239</u>	<u>22,443</u>
Total district expenses	<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>	<u>\$ 17,108,900</u>	<u>\$ 17,034,277</u>	<u>\$ 16,649,141</u>	<u>\$ 18,987,459</u>	<u>\$ 20,307,073</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services	\$ 16,212	\$ 21,800	\$ 22,750	\$ 62,850	\$ 340,272	\$ 283,327	\$ 284,780	\$ 177,193	\$ 167,115	\$ 106,595
Operating grants & contributions	394,014	397,079	402,258	475,695	491,581	341,490	344,643	318,106	298,591	298,315
Capital grants & contributions	-	-	-	-	-	-	-	1,309,812	-	-
Total governmental activities program revenues	<u>410,226</u>	<u>418,879</u>	<u>425,008</u>	<u>538,545</u>	<u>831,853</u>	<u>624,817</u>	<u>629,423</u>	<u>1,805,111</u>	<u>465,706</u>	<u>404,910</u>
Business-type activities										
Charges for services										
Milk service	24,851	24,100	27,877	25,768	21,751	18,563	15,899	15,520	13,829	12,293
Operating grants & contributions	5,941	7,579	5,599	4,208	9,514	10,112	8,204	8,266	8,685	7,580
Total business-type activities program revenues	<u>30,792</u>	<u>31,679</u>	<u>33,476</u>	<u>29,976</u>	<u>31,265</u>	<u>28,675</u>	<u>24,103</u>	<u>23,786</u>	<u>22,514</u>	<u>19,873</u>
Total district-program revenues	<u>\$ 441,018</u>	<u>\$ 450,558</u>	<u>\$ 458,484</u>	<u>\$ 568,521</u>	<u>\$ 863,118</u>	<u>\$ 653,492</u>	<u>\$ 653,526</u>	<u>\$ 1,828,897</u>	<u>\$ 488,220</u>	<u>\$ 424,783</u>
Net (expense) revenues										
Governmental activities	\$ (15,327,495)	\$ (15,851,237)	\$ (15,807,164)	\$ (15,783,596)	\$ (15,299,860)	\$ (16,465,854)	\$ (16,382,886)	\$ (14,829,927)	\$ (18,506,514)	\$ (19,879,720)
Business-type activities	<u>6,325</u>	<u>4,070</u>	<u>8,919</u>	<u>5,862</u>	<u>(20,344)</u>	<u>10,446</u>	<u>2,135</u>	<u>9,683</u>	<u>7,275</u>	<u>(2,570)</u>
Total district-wide net expenses	<u>\$ (15,321,170)</u>	<u>\$ (15,847,167)</u>	<u>\$ (15,798,245)</u>	<u>\$ (15,777,734)</u>	<u>\$ (15,320,204)</u>	<u>\$ (16,455,408)</u>	<u>\$ (16,380,751)</u>	<u>\$ (14,820,244)</u>	<u>\$ (18,499,239)</u>	<u>\$ (19,882,290)</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for										
general purposes, net	\$ 11,433,923	\$ 11,885,513	\$ 12,649,048	\$ 13,021,091	\$ 13,607,499	\$ 13,873,821	\$ 13,841,574	\$ 14,105,638	\$ 14,206,695	\$ 14,363,661
Taxes levied for debt service	1,523,279	1,543,631	1,519,719	1,519,564	1,445,963	1,179,668	1,244,143	1,211,892	921,150	1,090,819
Unrestricted grants & contributions	2,227,977	2,334,149	1,897,379	2,052,300	1,411,610	1,802,687	2,204,491	2,013,937	4,079,433	4,820,457
Capital grants - unallocated										
Investment earnings	55,145	32,672	13,861	5,683	3,322	3,539	2,864	2,197	2,227	2,025
Contribution - equipment acquisition	-	-	-	3,548	3,365	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	3,648	-	300	-	-
Special item - insurance claim proceeds for storm damage	-	-	-	-	-	-	24,376	85,328	-	-
Transfers	-	-	-	-	-	-	-	(50,000)	-	-
Miscellaneous income	130,254	28,107	25,322	141,304	70,542	115,346	49,650	64,432	46,120	75,041
Total governmental activities	<u>15,370,578</u>	<u>15,824,072</u>	<u>16,105,329</u>	<u>16,743,490</u>	<u>16,542,301</u>	<u>16,978,709</u>	<u>17,367,098</u>	<u>17,433,724</u>	<u>19,255,625</u>	<u>20,352,003</u>
Business - type activities										
Investment earnings	19	20	9	62	38	8	7	12	11	11
Total business-type activities	<u>19</u>	<u>20</u>	<u>9</u>	<u>62</u>	<u>38</u>	<u>8</u>	<u>7</u>	<u>12</u>	<u>11</u>	<u>11</u>
Total district-wide	<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>	<u>\$ 16,978,717</u>	<u>\$ 17,367,105</u>	<u>\$ 17,433,736</u>	<u>\$ 19,255,636</u>	<u>\$ 20,352,014</u>
Change in net position										
Governmental activities	\$ 43,083	\$ (27,165)	\$ 298,165	\$ 959,894	\$ 1,242,441	\$ 512,855	\$ 984,212	\$ 2,603,797	\$ 749,111	\$ 472,283
Business-type activities	6,344	4,090	8,928	5,924	(20,306)	10,454	2,142	9,695	7,286	(2,559)
Total district	<u>\$ 49,427</u>	<u>\$ (23,075)</u>	<u>\$ 307,093</u>	<u>\$ 965,818</u>	<u>\$ 1,222,135</u>	<u>\$ 523,309</u>	<u>\$ 986,354</u>	<u>\$ 2,613,492</u>	<u>\$ 756,397</u>	<u>\$ 469,724</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 75,132	\$ -	\$ -	\$ -	\$ 100,000	\$ 336,001	\$ 593,685	\$ 653,140	\$ 566,571	\$ 555,564
Committed	73,982	74,182	74,382	74,582	909,154	1,349,319	1,467,819	1,348,795	1,817,695	1,843,013
Assigned	202,337	16,385	54,715	337,507	299,384	329,302	72,892	116,301	209,792	429,087
Unassigned	(14,596)	380	(12,521)	315,488	417,246	400,328	414,508	410,155	391,407	351,443
Total general fund	<u>\$ 336,855</u>	<u>\$ 90,947</u>	<u>\$ 116,576</u>	<u>\$ 727,577</u>	<u>\$ 1,725,784</u>	<u>\$ 2,414,950</u>	<u>\$ 2,548,904</u>	<u>\$ 2,528,391</u>	<u>\$ 2,985,465</u>	<u>\$ 3,179,107</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 378,583	\$ 44,292	\$ 22,229	\$ -	\$ -	\$ -	\$ -	\$ 166,192	\$ 1,976,741	\$ 355,643
Assigned, reported in										
Debt service fund	-	-	-	-	-	2,206	48,008	-	998	998
Total all other governmental funds	<u>\$ 378,583</u>	<u>\$ 44,292</u>	<u>\$ 22,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,206</u>	<u>\$ 48,008</u>	<u>\$ 166,192</u>	<u>\$ 1,977,739</u>	<u>\$ 356,641</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 12,957,202	\$ 13,429,144	\$ 14,168,767	\$ 14,540,655	\$ 15,053,462	\$ 15,053,489	\$ 15,085,717	\$ 15,317,530	\$ 15,127,845	\$ 15,454,480
Tuition charges	15,712	21,800	22,750	62,850	246,890	202,359	205,543	51,596	88,884	40,601
Interest earnings	55,145	32,672	13,861	5,683	3,322	3,539	2,864	2,197	2,227	2,025
Miscellaneous	130,754	43,182	63,432	151,307	170,289	206,474	132,733	151,401	124,351	141,038
State sources	2,336,730	2,432,081	1,985,802	2,128,239	1,487,561	1,848,135	2,275,509	2,073,590	2,203,144	2,450,018
State sources- capital grants	-	-	-	-	-	-	-	1,309,812	-	-
Federal sources	285,261	284,072	275,725	389,753	412,630	296,042	269,779	244,615	249,041	249,383
Total revenues	15,780,804	16,242,951	16,530,337	17,278,487	17,374,154	17,610,038	17,972,145	19,150,741	17,795,492	18,337,545
Expenditures										
Instruction										
Regular instruction	3,946,368	3,935,898	3,886,787	3,953,875	4,347,113	4,389,470	4,324,883	4,206,186	4,473,077	4,619,096
Special education instruction	1,360,396	1,444,542	1,571,683	1,567,063	1,613,971	1,523,796	1,536,818	1,470,375	1,519,534	1,389,625
Other special instruction	227,524	148,525	203,559	136,867	146,722	203,969	208,972	211,538	212,585	244,369
Other instruction	55,860	10,129	9,445	19,706	23,879	18,382	13,213	47,017	-	38,359
Support services										
Tuition	122,555	283,056	271,061	485,306	326,658	449,861	296,756	179,561	244,357	391,202
Student & inst related services	1,574,194	1,565,034	1,654,544	1,720,019	1,743,821	1,962,768	2,098,959	2,137,306	2,177,813	2,138,681
General administration	417,419	371,069	412,069	387,214	305,728	286,071	261,847	268,558	289,326	357,429
School administration services	578,532	573,981	517,346	546,945	548,036	588,744	548,876	558,934	559,572	559,914
Central services	227,748	229,824	247,979	270,506	245,817	275,714	258,082	271,710	264,361	274,180
Administrative information technology	119,568	85,583	98,635	97,370	93,064	94,537	92,597	94,449	97,338	100,258
Plant operations & maintenance	1,350,805	1,347,038	1,437,282	1,381,948	1,342,867	1,429,414	1,426,991	1,453,580	1,499,746	1,500,569
Pupil transportation	842,923	973,865	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295
Employee benefits	2,215,636	2,209,429	2,434,613	1,894,984	1,792,310	2,018,835	2,196,343	2,260,719	2,274,104	2,387,933
On-behalf TPAF pension & Social Security contribution	1,288,560	1,359,975	932,871	934,801	935,645	1,116,788	1,414,443	1,223,084	1,363,588	1,651,428
Transfer to charter schools	-	-	-	-	-	-	38,307	55,637	58,986	27,683
Capital outlay	12,978	10,203	28,358	42,383	108,856	8,539	613,553	670,182	273,247	134,505
Capital projects	1,732,077	334,289	22,063	22,229	-	-	-	556,346	740,725	1,719,160
Special revenue funds	394,014	397,079	402,258	475,695	491,581	341,490	344,643	318,106	298,591	298,315
Debt service										
Principal	765,000	820,000	835,000	875,000	843,000	610,000	790,000	825,000	525,000	670,000
Interest & other charges	758,279	723,631	684,719	644,564	642,666	593,845	441,522	468,081	429,331	454,000
Total expenditures	17,990,436	16,823,150	16,526,771	16,528,279	16,494,776	16,818,666	17,787,064	18,001,874	18,078,143	19,765,001

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (2,209,632)	\$ (580,199)	\$ 3,566	\$ 750,208	\$ 879,378	\$ 791,372	\$ 185,081	\$ 1,148,867	\$ (282,651)	\$ (1,427,456)
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	180,900	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	750	-	-
Proceeds from bond issue	-	-	-	-	-	-	-	-	1,464,000	-
Special item-insurance claim recovery for storm damage	-	-	-	-	-	-	24,376	85,328	-	-
Transfers in (out)	-	-	-	(161,436)	(62,071)	(100,000)	(29,701)	(50,000)	-	-
Total other financing sources (uses)	-	-	-	(161,436)	118,829	(100,000)	(5,325)	36,078	1,464,000	-
Net change in fund balances	<u>\$ (2,209,632)</u>	<u>\$ (580,199)</u>	<u>\$ 3,566</u>	<u>\$ 588,772</u>	<u>\$ 998,207</u>	<u>\$ 691,372</u>	<u>\$ 179,756</u>	<u>\$ 1,184,945</u>	<u>\$ 1,181,349</u>	<u>\$ (1,427,456)</u>
Debt service as a percentage of non-capital expenditures	10.35%	10.34%	10.16%	10.17%	9.97%	7.71%	7.73%	8.35%	5.92%	6.70%

Source: District records

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

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 55,145	\$ 22,862	\$ 13,861	\$ 4,934	\$ 3,322	\$ 3,539	\$ 2,864	\$ 2,197	\$ 2,227	\$ 2,025
Tuition	15,712	21,800	22,750	62,850	246,890	202,359	205,543	51,596	88,884	39,851
Old outstanding checks canceled	-	208	-	-	128	-	473	4,078	-	-
Prior year refunds	90,358	5,924	354	3,056	-	-	-	-	-	4,278
Miscellaneous	102	140	(463)	1,418	1,154	1,114	1,245	691	109	461
Insurance rebates	30,320	-	-	-	-	-	-	9,732	-	-
Facility use fees	500	16,000	16,925	17,000	25,600	26,706	26,400	26,075	24,045	24,275
Prior year accounts payable canceled	-	-	7,250	-	27,836	78,870	2,379	295	1,134	-
Sale of assets	-	90	-	-	-	10,160	883	-	300	556
E-rate reimbursements	-	-	-	7,278	-	-	-	-	-	23,375
Morris Union Jointure Rebate	8,624	-	-	14,292	14,659	14,043	13,885	-	7,598	7,515
Morris Essex Jointure Rebate	-	-	-	23,977	25,957	21,327	30,785	33,371	36,095	39,506
Transportation fees	-	-	-	74,283	67,782	54,262	52,837	53,483	48,186	41,719
Fund 20 adjustment	-	-	-	-	-	(2,214)	-	3,430	-	-
Close out of old bank accounts	-	-	-	-	314	-	-	-	-	-
Donations	220	1,510	1,246	-	3,859	-	-	6,408	-	100
Watchung related services	-	4,235	-	-	-	-	-	-	-	-
BASF Grant	-	-	-	-	-	-	-	-	5,000	-
Excess Pay to Play fees	-	-	-	-	-	-	-	-	884	-
Athletic fees	630	-	-	-	-	-	-	-	-	-
Annual totals	\$ 201,611	\$ 72,769	\$ 61,923	\$ 209,088	\$ 417,501	\$ 410,166	\$ 337,294	\$ 191,356	\$ 214,462	\$ 183,661

Source: District records

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 20,688,800	\$ 19,116,300	\$ 19,258,300	\$ 20,585,700	\$ 19,059,600	\$ 17,735,400	\$ 16,751,400	\$ 16,714,900	\$ 12,534,800	\$ 13,971,900
Residential	1,123,401,600	1,129,463,700	1,133,936,400	1,137,120,400	1,139,562,700	1,127,011,200	1,115,697,400	1,111,286,000	1,109,792,400	1,433,093,900
Farm regular	2,519,600	3,070,000	3,070,000	2,795,500	2,245,100	3,103,600	4,113,800	3,734,200	4,113,800	4,611,700
Q farm	40,000	40,700	40,700	40,700	39,700	45,700	47,600	47,400	48,300	67,800
Commercial	104,085,000	103,967,400	103,887,300	103,892,800	104,055,800	103,707,100	102,227,500	102,470,400	105,033,300	132,529,400
Industrial	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,445,900	16,304,600	16,175,000	18,072,600
Apartment	6,691,600	6,691,600	6,691,600	6,668,200	6,268,200	6,268,200	6,268,200	6,268,200	6,268,200	8,606,400
Total assessed value	1,273,967,800	1,278,890,900	1,283,425,500	1,287,644,500	1,287,772,300	1,274,412,400	1,261,551,800	1,256,825,700	1,253,965,800	1,610,953,700
Public utilities (a)	4,043,446	3,971,011	4,268,514	4,454,525	4,509,141	4,714,115	3,796,526	3,141,460	3,141,460	4,068,200
Net valuation taxable	\$ 1,278,011,246	\$ 1,282,861,911	\$ 1,287,694,014	\$ 1,292,099,025	\$ 1,292,281,441	\$ 1,279,126,515	\$ 1,265,348,326	\$ 1,259,967,160	\$ 1,257,107,260	\$ 1,615,021,900
Estimated actual county equalized value	\$ 1,808,933,115	\$ 1,882,961,854	\$ 1,890,331,788	\$ 1,786,661,445	\$ 1,788,624,832	\$ 1,691,966,290	\$ 1,618,882,929	\$ 1,601,178,244	\$ 1,661,302,048	\$ 1,777,875,275
Percentage of net valuation to estimated actual equalized value	70.65%	68.13%	68.12%	72.32%	72.25%	75.60%	78.16%	78.69%	75.67%	90.84%
Total direct school tax rate (b)	\$ 1.03	\$ 1.06	\$ 1.11	\$ 1.14	\$ 1.18	\$ 1.18	\$ 1.25	\$ 1.16	\$ 1.22	\$ 0.97

*

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

See independent auditors' report.

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				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
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	
2012	1.09	0.09	1.18	0.59	0.76	0.33	2.86	
2013	1.15	0.10	1.25	0.60	0.79	0.32	2.96	
2014	1.09	0.07	1.16	0.59	0.79	0.33	2.87	
2015	1.13	0.09	1.22	0.57	0.81	0.33	2.93	
2016	* 0.90	0.07	0.97	0.46	0.64	0.28	2.35	

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 pre-budget 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

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Valley & Plainfield Associates	\$ 26,704,600	1	1.65%	\$ 21,204,400	1
Stirling Center Associates	12,941,300	2	0.80%	9,896,500	2	0.77%
Transcontinental Gas Pipeline	4,039,200	4	0.25%	3,690,300	6	0.29%
Bell Atlantic/Verizon	4,068,200	3	0.25%	5,801,258	3	0.45%
TIFA, LTD	3,875,100	5	0.24%	2,999,300	7	0.23%
Parthenon c/o Walgreens	3,353,900	6	0.21%	-	-	-
M & M Realty Management Limited	3,089,100	7	0.19%	-	-	-
Stirling Manor	2,733,100	8	0.17%	-	-	-
Stirling Manor	2,733,100	9	0.17%	4,716,400	4	0.37%
Millington Savings Bank	2,721,200	10	0.17%	2,215,500	9	0.17%
RHK/AK Stamping	-	-	-	3,791,900	5	0.30%
Dagwood Properties	-	-	-	2,246,900	8	0.18%
Jilrydan, Inc	-	-	-	2,197,400	10	0.17%
	<u>\$ 66,258,800</u>		<u>4.10%</u>	<u>\$ 58,759,858</u>		<u>4.60%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
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%
2011	36,404,873	35,630,937	97.87%
2012	36,645,996	35,801,001	97.69%
2013	37,485,028	36,745,945	98.03%
2014	36,253,210	35,435,477	97.74%
2015	36,939,472	36,088,406	97.70%

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

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

See independent auditors' report.

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				
2007	\$ 15,852,000	\$ -	\$ -	\$ -	\$ -	\$ 15,852,000	2.69%	\$ 1,845	
2008	15,032,000	-	-	-	-	15,032,000	2.44%	1,759	
2009	14,197,000	-	-	-	-	14,197,000	2.22%	1,660	
2010	13,322,000	-	-	-	-	13,322,000	2.20%	1,553	
2011	12,479,000	-	60,417	-	-	12,539,417	1.98%	1,440	
2012	11,885,000	-	60,417	-	-	11,945,417	1.79%	1,365	
2013	11,095,000	-	-	-	-	11,095,000	1.61%	1,266	
2014	10,270,000	-	-	-	-	10,270,000	1.48%	1,169	
2015	11,209,000	-	-	-	-	11,209,000	1.54%	1,276	
2016	10,539,000	-	-	-	-	10,539,000	N/A	1,200	

NOTES: (1) Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit 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.

See independent auditors' report.

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		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2007	\$ 15,852,000	\$ -	\$ 15,852,000	1.24%	\$ 1,845
2008	15,032,000	-	15,032,000	1.17%	1,759
2009	14,197,000	-	14,197,000	1.10%	1,660
2010	13,322,000	-	13,322,000	1.03%	1,553
2011	12,479,000	-	12,479,000	0.97%	1,433
2012	11,885,000	-	11,885,000	0.93%	1,358
2013	11,095,000	-	11,095,000	0.88%	1,266
2014	10,270,000	-	10,270,000	0.82%	1,169
2015	11,209,000	-	11,209,000	0.89%	1,276
2016	10,539,000	-	10,539,000	0.65%	1,200

NOTES: 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 J-21.

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental unit			
Debt repaid with property taxes			
Municipality	\$ 17,046,761	100.00%	\$ 17,046,761
Regional High School	38,756,946	21.49%	8,327,631
County general obligation debt	226,745,317	1.86%	<u>4,225,409</u>
Subtotal, overlapping debt			29,599,801
School District direct debt			<u>10,539,000</u>
Total direct and overlapping debt			<u><u>\$ 40,138,801</u></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.

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis
	2015 \$ 1,769,139,108
	2014 1,660,929,959
	2013 1,603,192,019
	\$ 5,033,261,086
Average equalized valuation of taxable property	\$ 1,677,753,695
Debt limit (3.0% of average equalization value) (a)	\$ 50,332,611
Total net debt applicable to limit	10,539,000
Legal debt margin	\$ 39,793,611

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 53,083,981	\$ 51,171,706	\$ 49,381,557	\$ 48,956,831	\$ 50,332,611
Total net debt applicable	11,885,000	11,095,000	11,734,718	11,209,718	10,539,000
Legal debt margin	\$ 41,198,981	\$ 40,076,706	\$ 37,646,839	\$ 37,747,113	\$ 39,793,611
Total net debt applicable to the limit as a percentage of debt limit	22.39%	21.68%	23.76%	22.90%	20.94%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 48,872,859	\$ 52,977,184	\$ 55,398,558	\$ 55,701,047	\$ 54,824,044
Total net debt applicable	16,024,838	15,204,838	14,369,838	13,322,000	12,479,000
Legal debt margin	\$ 32,848,021	\$ 37,772,346	\$ 41,028,720	\$ 42,379,047	\$ 42,345,044
Total net debt applicable to the limit as a percentage of debt limit	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

See independent auditors' report.

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)
2007	8,593	\$ 588,577,535	\$ 68,495	2.80%
2008	8,545	617,042,995	72,211	3.70%
2009	8,550	638,137,800	74,636	6.30%
2010	8,579	604,956,764	70,516	6.40%
2011	8,706	633,622,680	72,780	6.20%
2012	8,750	666,697,500	76,194	6.40%
2013	8,762	689,508,066	78,693	6.80%
2014	8,788	695,078,072	79,094	4.40%
2015	8,786	N/A	N/A	3.90%
2016	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce
- (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 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Principial Employers
Current Year and Nine Years Ago

2016

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/program										
Instruction										
Regular	68.00	80.30	68.20	64.90	67.00	67.00	61.75	62.10	63.90	63.05
Special education	32.50	15.70	27.20	24.50	26.00	24.80	26.40	28.00	27.60	29.20
Support services										
Administration	5.60	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Secretarial	5.00	5.80	8.00	8.40	8.40	8.40	8.30	8.20	8.50	8.50
Plant operations & maintenance	13.00	13.00	13.00	*	*	*	*	*	*	*
Other support services	14.00	11.80	10.50	13.00	16.50	16.00	16.00	17.20	15.30	16.85
Total	<u>138.10</u>	<u>131.60</u>	<u>131.90</u>	<u>115.80</u>	<u>122.90</u>	<u>121.20</u>	<u>118.45</u>	<u>121.50</u>	<u>121.30</u>	<u>123.60</u>

Source: District Personnel Records

* Privatized 7/1/2009

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	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
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%
2012	920.9	15,706,282	17,055	7.12%	97.2	1 to 9.47	920.9	887.1	-2.00%	96.33%
2013	869.1	15,941,989	18,343	7.55%	100.0	1 to 8.69	869.1	835.8	-5.62%	96.17%
2014	850.7	15,482,265	18,199	-0.78%	97.0	1 to 8.77	850.7	818.0	-2.12%	96.16%
2015	831.5	16,109,840	19,374	6.46%	91.5	1 to 9.08	831.5	801.6	-2.26%	96.40%
2016	821.6	16,787,336	20,432	5.46%	92.3	1 to 8.90	821.6	792.1	-1.19%	96.41%

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).

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gillette School (1935)										
Square feet	38,234	38,234	38,234	38,234	38,234	38,234	38,234	38,234	38,234	38,234
Capacity (students)	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0	300.0
Enrollment	231.0	218.0	196.0	198.0	173.0	170.0	154.0	157.0	185.0	202.0
Millington School (1935)										
Square feet	72,128	72,128	72,128	72,128	72,128	72,128	72,128	72,128	72,128	72,128
Capacity (students)	604.0	604.0	604.0	604.0	604.0	604.0	604.0	604.0	604.0	604.0
Enrollment	491.0	472.0	461.0	444.0	399.0	359.0	368.0	347.0	333.0	322.0
Central School (1935)										
Square feet	74,757	74,757	74,757	74,757	74,757	74,757	74,757	74,757	74,757	74,757
Capacity (students)	464.0	464.0	464.0	464.0	464.0	464.0	464.0	464.0	464.0	464.0
Enrollment	359.0	375.0	369.0	379.0	352.0	327.0	326.0	342.0	313.0	297.0
Number of Schools at June 30, 2016										
Elementary	2									
Middle	1									

Source: District Facilities Office

N/A = Not Available

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
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
2012	306,453	306,453
2013	270,943	270,943
2014	203,694	203,694
2015	221,618	221,618
2016	218,847	218,847
Total school facilities	<u>\$ 2,499,213</u>	<u>\$ 2,499,213</u>

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

Source: District records

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	Coverage	Deductible
School Commercial Package - Morris Essex Insurance Group		
Property - Blanket Building & Contents	\$ 34,605,176	\$ 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 - Morris Essex Insurance Group		
Policy limit	1,000,000	10,000
SBLL and Employment Practices Liability		12,500
 Business Auto - Morris Essex Insurance Group		
Policy limit	1,000,000	1,000
 Worker's Compensation - Morris Essex Insurance Group		
Per accident per employee	5,000,000	-
Per disease per employee	5,000,000	-
Disease policy limit	5,000,000	-
 Public Employees' Faithful Performance - Selective Insurance		
Business Administrator's Bond	250,000	-
 Cyber Liability	2,000,000	-
Group Aggregate	4,000,000	-

Source: District Records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, and the aggregate remaining fund information of the Long Hill Township School District, County of Morris, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Long Hill Township School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

William Colantano

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

November 30, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance and
New Jersey OMB Circular Letter 15-08**

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

Report on Compliance for Each Major Federal Program and State Program

We have audited the Long Hill Township School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Long Hill Township School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Programs

In our opinion, the Long Hill Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance


Management of the Long Hill Township School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Long Hill Township School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

November 30, 2016
Flemington, New Jersey

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal	FAIN Number	Project Number	Program or Award Amount	Grant		Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2016					
	CFDA Number				Period From	Period To							Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Education passed through State Department of Education																		
Special Revenue Fund																		
NCLB Title II A	84.367A	S367A150029	NCLB-4000-15	\$ 19,714	07/01/14	06/30/15	\$ (19,714)	\$ -	\$ 19,714	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
NCLB Title II A	84.367A	S367A150029	NCLB-4000-16	19,355	07/01/15	06/30/16	-	-	19,355	19,355	-	-	-	-	-			
IDEA basic	84.027	H027A150100	IDEA-4000-15	218,240	07/01/14	06/30/15	(22,485)	-	22,485	-	-	-	-	-	-			
IDEA basic	84.027	H027A150100	IDEA-4000-16	218,943	07/01/15	06/30/16	-	-	218,943	218,943	-	-	-	-	-			
IDEA preschool	84.173	H173S150114	IDEA-4000-16	11,235	07/01/15	06/30/16	-	-	11,235	11,235	-	-	-	-	-			
Total Special Revenue Fund							<u>(42,199)</u>	<u>-</u>	<u>291,732</u>	<u>249,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
U.S. Department of Agriculture passed through State Department of Agriculture																		
Enterprise Fund																		
Child Nutrition Center																		
Special Milk Program for Children	10.556	16161NJ304N1099	N/A	\$ 8,685	07/01/14	06/30/15	(798)	-	798	-	-	-	-	-	-			
Special Milk Program for Children	10.556	16161NJ304N1099	N/A	7,580	07/01/15	06/30/16	-	-	6,077	7,580	-	-	(1,503)	-	-			
Total Enterprise Fund							<u>(798)</u>	<u>-</u>	<u>6,875</u>	<u>7,580</u>	<u>-</u>	<u>-</u>	<u>(1,503)</u>	<u>-</u>	<u>-</u>			
Total Federal Financial Assistance							<u>\$ (42,997)</u>	<u>\$ -</u>	<u>\$ 298,607</u>	<u>\$ 257,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,503)</u>	<u>\$ -</u>	<u>\$ -</u>			

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustment Repayment	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	16-495-034-5120-089	\$ 542,296	07/01/15	06/30/16	\$ -	\$ -	\$ 493,253	\$ 542,296	\$ -	\$ -	\$ -	\$ -	\$ (49,043)	\$ 542,296
Security aid	16-495-034-5120-084	12,108	07/01/15	06/30/16	-	-	11,013	12,108	-	-	-	-	(1,095)	12,108
Adjustment aid	16-495-034-5120-085	13,477	07/01/15	06/30/16	-	-	12,258	13,477	-	-	-	-	(1,219)	13,477
Transportation aid	16-495-034-5120-014	56,278	07/01/15	06/30/16	-	-	51,188	56,278	-	-	-	-	(5,090)	56,278
PARCC Readiness aid	16-495-034-5120-098	8,150	07/01/15	06/30/16	-	-	7,413	8,150	-	-	-	-	(737)	8,150
Per pupil growth aid	16-495-034-5120-097	8,150	07/01/15	06/30/16	-	-	7,413	8,150	-	-	-	-	(737)	8,150
Extraordinary aid	16-100-034-5120-473	97,553	07/01/15	06/30/16	-	-	-	97,553	-	(97,553)	-	-	-	97,553
Extraordinary aid	15-100-034-5120-473	144,319	07/01/14	06/30/15	(144,319)	-	144,319	-	-	-	-	-	-	144,319
Non-public transportation aid	16-495-034-5120-014	9,744	07/01/15	06/30/16	-	-	-	9,744	-	(9,744)	-	-	-	9,744
Non-public transportation aid	15-495-034-5120-014	11,832	07/01/14	06/30/15	(11,832)	-	11,832	-	-	-	-	-	-	11,832
On behalf TPAF pension contribution - Teachers' pension & annuity fund	16-495-034-5094-002	513,687	07/01/15	06/30/16	-	-	513,687	513,687	-	-	-	-	-	513,687
On behalf TPAF pension contribution - Non-contributory insurance	16-495-034-5094-004	25,589	07/01/15	06/30/16	-	-	25,589	25,589	-	-	-	-	-	25,589
On behalf TPAF pension contribution - Post retirement medical	16-495-034-5094-001	642,129	07/01/15	06/30/16	-	-	642,129	642,129	-	-	-	-	-	642,129
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	470,023	07/01/15	06/30/16	-	-	470,023	470,023	-	-	-	-	-	470,023
Reimbursed TPAF Social Security contribution	15-495-034-5094-003	486,605	07/01/14	06/30/15	(48,053)	-	48,053	-	-	-	-	-	-	486,605
Total general fund					(204,204)	-	2,438,170	2,399,184	-	(107,297)	-	-	(57,921)	3,041,940
Special revenue fund														
Nonpublic textbook aid	16-100-034-5120-064	7,709	07/01/15	06/30/16	-	-	7,709	7,709	-	-	-	-	-	7,709
Nonpublic nursing Services	16-100-034-5120-070	12,150	07/01/15	06/30/16	-	-	12,150	12,150	-	-	-	-	-	12,150
Nonpublic technology Initiative	16-100-034-5120-373	3,510	07/01/15	06/30/16	-	-	3,510	3,510	-	-	-	-	-	3,510
Nonpublic security aid	16-100-034-5120-509	3,375	07/01/15	06/30/16	-	-	3,375	3,150	-	-	-	225	-	3,150
Nonpublic auxiliary aid - compensatory education	16-100-034-5120-067	3,384	07/01/15	06/30/16	-	-	3,384	2,454	-	-	-	930	-	2,454
Nonpublic handicapped aid - examination	16-100-034-5120-066	12,438	07/01/15	06/30/16	-	-	12,438	10,221	-	-	-	2,217	-	10,221
Nonpublic auxiliary aid - ESL	16-100-034-5120-067	345	07/01/15	06/30/16	-	-	345	345	-	-	-	-	-	345
Nonpublic handicapped aid - supplemental	16-100-034-5120-066	6,683	07/01/15	06/30/16	-	-	6,683	1,782	-	-	-	4,901	-	1,782
Nonpublic handicapped aid - corrective speech	16-100-034-5120-066	16,721	07/01/15	06/30/16	-	-	16,721	7,608	-	-	-	9,113	-	7,608
Nonpublic auxiliary aid - compensatory education	15-100-034-5120-067	7,166	07/01/14	06/30/15	-	6,270	-	-	(6,270)	-	-	-	-	896
Nonpublic handicapped aid - corrective Speech	15-100-034-5120-066	15,020	07/01/14	06/30/15	-	7,510	-	-	(7,510)	-	-	-	-	7,510
Nonpublic handicapped aid - examination	15-100-034-5120-066	9,371	07/01/14	06/30/15	-	3,611	-	-	(3,611)	-	-	-	-	5,760
Nonpublic handicapped aid - supplemental	15-100-034-5120-066	10,986	07/01/14	06/30/15	-	7,847	-	-	(7,847)	-	-	-	-	3,139
Total special revenue fund					-	25,238	66,315	48,929	(25,238)	-	-	17,386	-	66,234

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjust./ Repayment	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Capital projects fund														
New Jersey School Development Authority														
Central Middle School - HVAC Upgrades	4000-030-14-1001	\$ 344,240	06/18/14	06/30/16	\$ -	\$ -	\$ -	\$ 340,465	\$ -	\$ (340,465)	\$ -	\$ -	\$ (344,240)	\$ 340,465
Gillette Elementary School - HVAC Upgrades	4000-030-14-1002	174,000	06/18/14	06/30/16	-	-	-	174,000	-	(174,000)	-	-	(174,000)	174,000
Millington Elementary School - HVAC Upgrades	4000-030-14-1003	263,972	06/18/14	06/30/16	-	-	-	260,410	-	(260,410)	-	-	(263,972)	260,410
Millington Elementary School - Partial Roof Replacement	4000-030-14-1004	527,600	06/18/14	06/30/16	-	-	-	391,789	-	(391,789)	-	-	(527,600)	391,789
Total Capital projects fund					-	-	-	1,166,664	-	(1,166,664)	-	-	(1,309,812)	1,166,664
Total state financial assistance					\$ (204,204)	\$ 25,238	\$2,504,485	3,614,777	\$ (25,238)	\$(1,273,961)	\$ -	\$17,386	\$(1,367,733)	\$4,274,838
Less: On behalf TPAF Pension system contributions								(1,181,405)						
Total for State financial assistance - major program determination								\$2,433,372						

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

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 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 \$1,905 for the General Fund and \$150 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	\$ -	\$ 2,401,089	\$ 2,401,089
Special Revenue Fund	249,383	48,929	298,312
Milk Fund	7,580	-	7,580
	<u>\$ 256,963</u>	<u>\$ 2,450,018</u>	<u>\$ 2,706,981</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

- 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
Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security 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, 2016.

**LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued	<u>Unmodified</u>
Internal Control Over Financial Reporting:	
1. Were material weakness(es) identified?	_____ Yes <u> X </u> No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> No
Noncompliance material to General - Were purpose financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Not Applicable

Internal Control Over Major Programs:	
1. Were material weakness(es) identified?	_____ Yes _____ No
2. Were reportable conditions identified that are not considered to be material weaknesses?	_____ Yes _____ No
What was the type of Auditor's Report Issued on Compliance for Major Programs?	_____
Were any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes _____ No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? _____ Yes _____ No

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Did the auditee qualify as a low-risk auditee? X Yes No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were reportable conditions identified that are not considered to be material weaknesses? Yes X No

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
<i>Various</i>	<i>\$ 1,166,664</i>	<i>NJ SDA Cluster</i>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

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, 2016.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

K-7

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.