

Revision
3/3/2020

**LONG HILL TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2018

**Responsibility of the Management of
Long Hill Township School District
Morris County, New Jersey**



**LONG HILL TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

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**LONG HILL TOWNSHIP SCHOOL DISTRICT
BUSINESS OFFICE
759 Valley Road, Gillette, NJ 07933**

Joseph Bellino, Interim Business Administrator/Board Secretary
Lori Karasewicz, Financial Supervisor

Phone: 908-647-1200
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Fax: 908-647-

February 7, 2019

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, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introduction, financial, statistical, and single audit. The introduction 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 2017-18 fiscal year was 846 students, which is 34 students higher 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. However, the district has seen an increase in enrollment, particularly at the primary and elementary levels.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	846	0%
2016-17	833	(2.6%)
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	0.02%
2008-09	1028	(3.47%)
2007-08	1065	(1.5%)

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, the district will be able to replace existing boilers at each of our district school buildings: Gillette Elementary, Millington Elementary and Central Middle Schools. In addition, Long Hill is currently undertaking a vestibule and security camera project to enhance overall school safety and security. 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 Board is cognizant of the impact the school tax levy has upon tax payers and seeks to strike a balance between maintaining its high-quality educational services and its fiscal accountability to the community.

3. MAJOR INITIATIVES:

During the 2017-18 school year, the district began the Bronze certification process from the New Jersey Future Ready initiatives which is sponsored by the New Jersey Department of Education (NJDOE) and the New Jersey School Boards Association (NJSBA) through a partnership with the New Jersey Institute of Technology (NJIT). The district will be transitioning to a Future Ready model of instruction which will incorporate greater technology with best instructional practices across all content areas, while receiving professional support from NJIT. The district continues to increase the rigor in its instructional programming through curricular revisions and professional learning opportunities. The 2017-18 school year marked the second continuous year of mathematics training with a renowned math coach through the district's partnership with Conquer Mathematics. All teachers in grades K-8 continue to receive training in best

instructional practices that include unpacking the New Jersey Student Learning Standards and differentiation of instruction. Funds for professional development for teachers and administrators were increased in the district's budget to allow for greater training in Mathematics and Literacy in grades K-8. The district also received funds from the federal government through the Every Student Succeeds Act (ESSA) in titles I, II, III, III Immigrant Funds, and IV. These funds support our English Language Learners and continue to fund training and materials for the district's literacy intervention program, Leveled Literacy Intervention. In 2017-18, the district also implemented another intervention program in Mathematics called Number Worlds. Both programs assist the district's most at-risk students through its Basic Skills program. The Board of Education authorized the purchase of additional Chromebooks to assist with the one to one Chromebook initiative in grades six through eight. Training in the use of Chromebooks and the Google classroom 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 informed strategies to improve instruction; replacement of computers as needed and purchasing touch screen Chromebooks for primary students and additional Chromebooks at each school; 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 share professional development, best practices 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in the 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, 2018 and the amount and percentages of increases and decreases in relation to prior year revenues.

8) DEBT ADMINISTRATION: At June 30, 2018 the District had total outstanding debt issues of \$ \$9,089,000.

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 BKC, CPAs, PC 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.

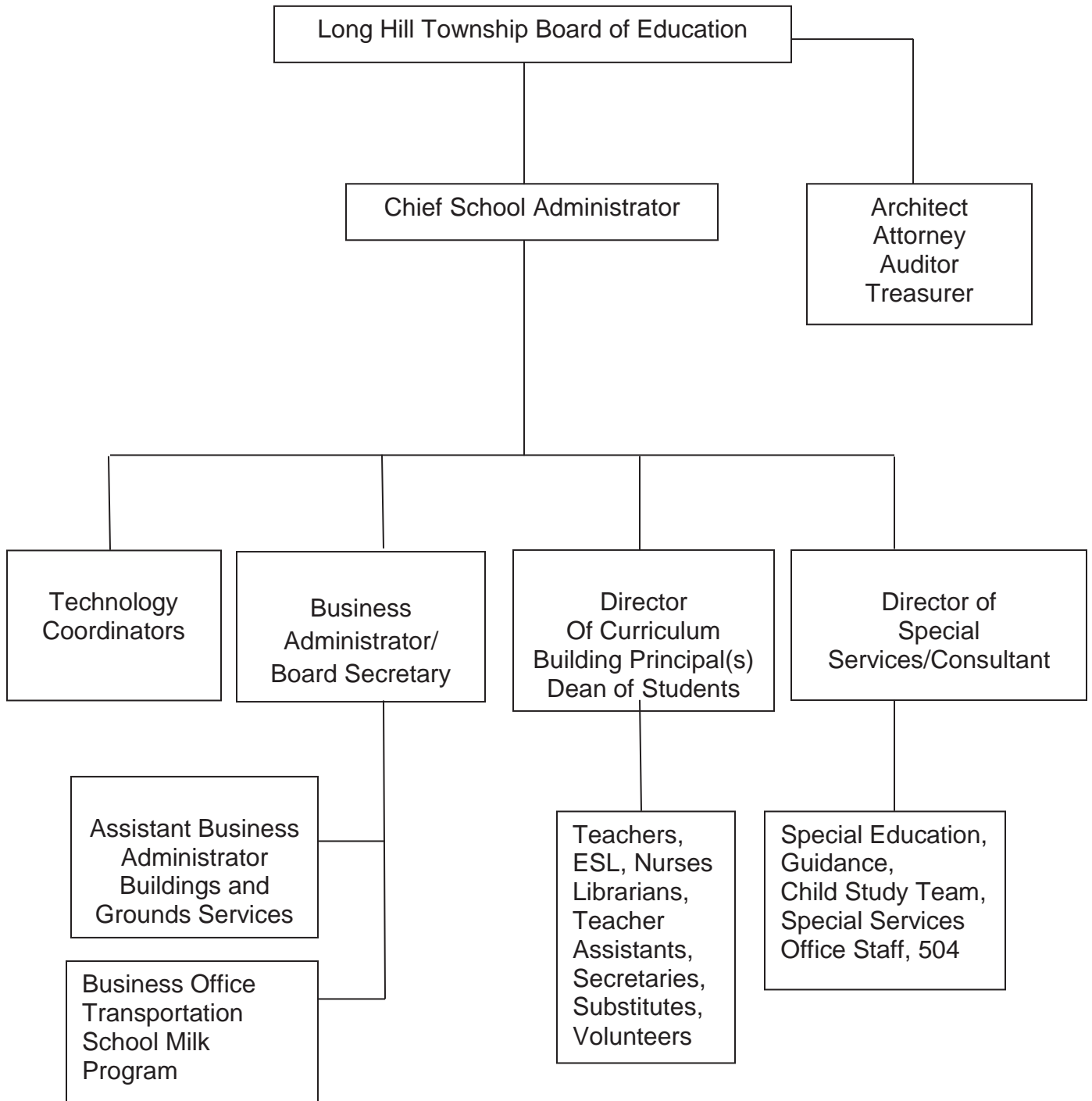
12) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Long Hill Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,

A handwritten signature in black ink, appearing to read 'E. Acevedo', written in a cursive style.

Dr. Edwin Acevedo
School Superintendent

ORGANIZATION CHART



Adopted: 2011
Revised: 2014
Reviewed and Readopted: January 8, 2018

LONG HILL TOWNSHIP SCHOOL DISTRICT

**Roster of Officials
June 30, 2018**

Members of the Board of Education	Title	Term Expires
Marta Moakley	President	2018
Jordana Raban	Vice-President	2020
Reid Bundonis		2018
Ann Butler		2018
Matthew DiGiorgio		2019
Karen Ann Nyquist		2019
Thomas O'Leary		2019
David Carn		2020
Kim Case		2020
Other Officials		
Dr. Edwin Acevedo	Superintendent	
Joseph Bellino	Interim Business Administrator/Board Secretary	
Paula Hatch	Treasurer	

LONG HILL TOWNSHIP SCHOOL DISTRICT

**Consultants & Advisors
June 30, 2018**

AUDIT FIRM

BKC, CPAs, PC
114 Broad Street
Flemington, NJ 08822

ATTORNEY

The Busch Law Group, LLC
450 Main St.
Metuchen, NJ 08840

OFFICIAL DEPOSITORY

PNC Bank
38 Lyons Mall
Basking Ridge, NJ 07920

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



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 Long Hill Township School District (the District) in the County of Morris, as of and for the year ended June 30, 2018, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the 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 District'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 District'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 opinion.

Opinion

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, 2018, 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual 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 introduction 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 February 7, 2019 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.



BKC, CPAs, PC



Michael Holk, CPA, PSA

February 7, 2019
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, net position increased \$142,808 from 2017.
- General revenues accounted for \$24,183,186 or 98.03 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$485,044 or 1.97 percent of total revenues of \$24,668,230.
- Total assets of governmental activities decreased by \$570,626 as cash and cash equivalents increased by \$1,373,527, receivables and other assets decreased by \$1,127,334 and capital assets decreased by \$816,819.
- The School District had \$24,525,422 in expenses; only \$485,044 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$24,183,186 were adequate to provide for these programs.
- Among major funds, the general fund had \$18,297,940 in revenues and \$18,073,813 in expenditures. The general fund's balance increased \$224,127 from 2017.

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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in 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 measure and report the operating results by measuring cash on hand and other assets that can be easily converted into 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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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 at June 30, 2018 compared to June 30, 2017.

Table 1
Net Position

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 3,943,020	\$ 3,691,248	\$ 251,772	6.82%
Capital assets	32,909,435	33,726,254	(816,819)	-2.42%
Total assets	36,852,455	37,417,502	(565,047)	-1.51%
Deferred pension activity				
Total deferred outflow of resources	946,719	1,431,141	(484,422)	-33.85%
Liabilities				
Long-term liabilities	13,259,533	15,374,592	(2,115,059)	-13.76%
Other liabilities	360,488	347,818	12,670	3.64%
Total liabilities	13,620,021	15,722,410	(2,102,389)	-13.37%
Deferred pension activity				
Total deferred inflow of resources	944,531	34,419	910,112	2,644.21%
Net position				
Net investment in capital assets	23,820,435	23,902,254	(81,819)	-0.34%
Restricted	2,594,952	2,294,952	300,000	13.07%
Unrestricted	(3,180,765)	(3,105,392)	(75,373)	2.43%
Total net position	\$ 23,234,622	\$ 23,091,814	\$ 142,808	0.62%

Total assets decreased \$565,047. Cash and cash equivalents increased by \$1,380,909 receivables and other assets decreased by \$1,129,137 and capital assets decreased by \$816,819. 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, decreased by \$75,373.

LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 2 shows the changes in net position from fiscal year 2017.

Table 2
Changes in Net Position

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 210,045	\$ 117,629	\$ 92,416	78.57%
Operating grants and contributions	274,999	247,636	27,363	11.05%
General revenues				
Property taxes	16,043,307	15,749,265	294,042	1.87%
Unrestricted grants	7,958,315	6,745,684	1,212,631	17.98%
Investment income	6,666	7	6,659	95128.57%
Other	174,898	116,009	58,889	50.76%
Total revenues	<u>24,668,230</u>	<u>22,976,230</u>	<u>1,692,000</u>	7.36%
Expenses				
Instruction				
Regular	9,344,474	8,606,961	737,513	8.57%
Special	3,619,367	3,771,860	(152,493)	-4.04%
Other	111,411	49,075	62,336	127.02%
Support services				
Tuition	475,166	549,914	(74,748)	-13.59%
Student & instructional related services	5,162,316	4,786,166	376,150	7.86%
General & business administration	1,282,001	1,287,909	(5,908)	-0.46%
School administration	1,317,464	1,399,585	(82,121)	-5.87%
Maintenance	1,738,866	1,745,474	(6,608)	-0.38%
Transportation	967,197	881,120	86,077	9.77%
Food service	10,785	41,983	(31,198)	-74.31%
Transfer to Charter Schools	113,378	71,967	41,411	57.54%
Interest on long-term debt	382,997	403,199	(20,202)	-5.01%
Total expenses	<u>24,525,422</u>	<u>23,595,213</u>	<u>930,209</u>	3.94%
Increase (decrease) in net position	<u>\$ 142,808</u>	<u>\$ (618,983)</u>	<u>\$ 761,791</u>	-123.07%

Governmental Activities

Property taxes made up 65.04 percent of revenues for governmental activities for the Long Hill Township Public School District for fiscal year 2018.

Instruction comprised 53.31 percent of district expenses. Support service expenses make up 46.69 percent of the expenses.

LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Instruction	\$ 13,075,252	\$ 12,427,896	\$ 12,896,855	\$ 12,368,934
Support services				
Tuition	475,166	549,914	270,364	350,099
Student & instructional staff	5,162,316	4,786,166	5,146,463	4,760,436
General & business				
administration	1,282,001	1,287,909	1,282,001	1,287,909
School administration	1,317,464	1,399,585	1,317,464	1,399,585
Plant operations & maintenance	1,738,866	1,745,474	1,713,166	1,717,874
Pupil transportation	967,197	881,120	923,247	843,840
Food services	10,785	41,983	(5,557)	26,105
Transfer to Charter Schools	113,378	71,967	113,378	71,967
Interest on long-term debt	382,997	403,199	382,997	403,199
	<u>\$ 24,525,422</u>	<u>\$ 23,595,213</u>	<u>\$ 24,040,378</u>	<u>\$ 23,229,948</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 98.03 percent. The community, as a whole, is the primary support for the Long Hill Township Public School District.

LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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 \$19,667,080, expenditures of \$19,442,953. The net change in fund balance for the year was most significant in the General Fund, an increase of \$224,127. 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 2018 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 \$507,298 over original budgeted estimates of \$15,694,309. This difference was due primarily to additional state aid, tuition income, and other miscellaneous revenues.

The general fund expenditures and other financing uses of the School District were under revenues by \$225,201. 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 2018, the School District had \$32,909,435 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

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

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
Land	\$ 8,567,700	\$ 8,567,700	\$ -	
Construction in progress	-	1,116,392	(1,116,392)	-100.00%
Buildings and improvements	23,925,264	23,598,436	326,828	1.38%
Machinery and equipment	318,488	327,618	(9,130)	-2.79%
Vehicles	97,983	116,108	(18,125)	-15.61%
	<u>\$ 32,909,435</u>	<u>\$ 33,726,254</u>	<u>\$ (816,819)</u>	-2.42%

Overall capital assets decreased \$816,819 from fiscal year 2017 to fiscal year 2018. Increases in capital assets were offset by depreciation expenses for the year.

LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Debt Administration

At June 30, 2018, the School District had \$13,259,533 of long-term liabilities. This amount is detailed in Table 5 below.

At June 30, 2017, the School District's overall legal debt margin was \$52,480,826 and the unvoted debt margin was \$43,391,826.

Table 5
Outstanding Bonded Debt at June 30

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
2014 School bonds	\$ 1,034,000	\$ 1,189,000	\$ (155,000)	-13.04%
2012 School bonds	8,055,000	8,635,000	(580,000)	-6.72%
Bond premium	67,473	73,899	(6,426)	-8.70%
Compensated absences	865,444	909,667	(44,223)	-4.86%
PERS net pension liability	3,237,616	4,567,026	(1,329,410)	-29.11%
	<u>\$ 13,259,533</u>	<u>\$ 15,374,592</u>	<u>\$ (2,115,059)</u>	<u>-13.76%</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 Julie Anne Kot, School Business Administrator/Board Secretary, Long Hill Township Board of Education, 759 Valley Road, Gillette, NJ 07933 or email at jkot@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, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash & cash equivalents	\$ 977,207	\$ 13,676	\$ 990,883
Due from other funds	102,179	3,360	105,539
Receivables, net	351,795	508	352,303
Restricted assets	2,494,295	-	2,494,295
Capital assets, net			
Land	8,567,700	-	8,567,700
Other capital assets, net of depreciation	24,341,735	-	24,341,735
Total assets	<u>36,834,911</u>	<u>17,544</u>	<u>36,852,455</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>946,719</u>	<u>-</u>	<u>946,719</u>
Liabilities			
Accounts payable	115,507	-	115,507
Payable to other governments	5	-	5
Due to other funds	44,463	-	44,463
Accrued interest	158,188	-	158,188
Unearned revenue	42,325	-	42,325
Long-term liabilities			
Due within one year	766,426	-	766,426
Due beyond one year	12,493,107	-	12,493,107
Total liabilities	<u>13,620,021</u>	<u>-</u>	<u>13,620,021</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>944,531</u>	<u>-</u>	<u>944,531</u>
Net position			
Net investment in capital assets	23,820,435	-	23,820,435
Restricted for			
Capital reserve	1,993,013	-	1,993,013
Maintenance reserve	300,000	-	300,000
Capital projects	301,939	-	301,939
Unrestricted	<u>(3,198,309)</u>	<u>17,544</u>	<u>(3,180,765)</u>
Total net position	<u>\$ 23,217,078</u>	<u>\$ 17,544</u>	<u>\$ 23,234,622</u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2018

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	\$ 4,659,764	\$ 4,684,710	\$ 50,550	\$ 16,302	\$ -	\$ (9,277,622)	\$ -	\$ (9,277,622)
Special education	1,526,711	1,523,063	80,000	4,950	-	(2,964,824)	-	(2,964,824)
Other special education	260,437	309,156	-	25,766	-	(543,827)	-	(543,827)
Other instruction	64,220	47,191	-	829	-	(110,582)	-	(110,582)
Support services								
Tuition	475,166	-	-	204,802	-	(270,364)	-	(270,364)
Students & instruction related services	2,418,841	2,743,475	-	15,853	-	(5,146,463)	-	(5,146,463)
General & business administration services	600,457	681,544	-	-	-	(1,282,001)	-	(1,282,001)
School administration services	660,047	657,417	-	-	-	(1,317,464)	-	(1,317,464)
Plant operations & maintenance	1,684,276	54,590	25,700	-	-	(1,713,166)	-	(1,713,166)
Pupil transportation	967,197	-	43,950	-	-	(923,247)	-	(923,247)
Transfer to charter schools	113,378	-	-	-	-	(113,378)	-	(113,378)
Interest on long-term debt	382,997	-	-	-	-	(382,997)	-	(382,997)
Total governmental activities	<u>13,813,491</u>	<u>10,701,146</u>	<u>200,200</u>	<u>268,502</u>	<u>-</u>	<u>(24,045,935)</u>	<u>-</u>	<u>(24,045,935)</u>
Business-type activities								
Food service - milk fund	10,785	-	9,845	6,497	-	-	5,557	5,557
Total business-type activities	<u>10,785</u>	<u>-</u>	<u>9,845</u>	<u>6,497</u>	<u>-</u>	<u>-</u>	<u>5,557</u>	<u>5,557</u>
Total primary government	<u>\$ 13,824,276</u>	<u>\$ 10,701,146</u>	<u>\$ 210,045</u>	<u>\$ 274,999</u>	<u>\$ -</u>	<u>(24,045,935)</u>	<u>5,557</u>	<u>(24,040,378)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						14,942,669	-	14,942,669
Property taxes levied for debt service						1,100,638	-	1,100,638
Federal & state aid not restricted						7,958,315	-	7,958,315
Investment earnings						6,644	22	6,666
Miscellaneous income						174,898	-	174,898
Total general revenues, special items & transfers						<u>24,183,164</u>	<u>22</u>	<u>24,183,186</u>
Change in net position						137,229	5,579	142,808
Net position - beginning						23,079,849	11,965	23,091,814
Net position - ending						<u>\$ 23,217,078</u>	<u>\$ 17,544</u>	<u>\$ 23,234,622</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, 2018

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 977,204	\$ -	\$ -	\$ 3	\$ 977,207
Due from other funds	139,216	-	-	-	139,216
Receivables from other governments					
State	209,896	-	100,657	-	310,553
Federal	-	37,042	-	-	37,042
Other accounts receivable	4,200	-	-	-	4,200
Restricted cash & cash equivalents	2,293,013	-	201,282	-	2,494,295
Total assets	\$ 3,623,529	\$ 37,042	\$ 301,939	\$ 3	\$ 3,962,513
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 115,507	\$ -	\$ -	\$ -	\$ 115,507
Payables to other governments	-	5	-	-	5
Due to other funds	44,460	37,037	-	3	81,500
Unearned revenue	42,325	-	-	-	42,325
Total liabilities	202,292	37,042	-	3	239,337

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2018

	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	\$ -	\$ -	\$ 301,939	\$ -	\$ 301,939
Excess surplus - designated for subsequent year's expenditures	283,232	-	-	-	283,232
Excess surplus - current year	277,304	-	-	-	277,304
Capital reserve	1,993,013	-	-	-	1,993,013
Maintenance reserve	300,000	-	-	-	300,000
Committed fund balance					
Encumbrances	97,506	-	-	-	97,506
Unassigned fund balance	470,182	-	-	-	470,182
Total fund balances	<u>3,421,237</u>	<u>-</u>	<u>301,939</u>	<u>-</u>	<u>3,723,176</u>
Total liabilities and fund balances	<u>\$ 3,623,529</u>	<u>\$ 37,042</u>	<u>\$ 301,939</u>	<u>\$ 3</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 \$44,849,382 and the accumulated depreciation is \$11,939,947.	32,909,435
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	2,188
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(13,259,533)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(158,188)</u>
Total net position of governmental activities	<u>\$ 23,217,078</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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 14,942,669	\$ -	\$ -	\$ 1,100,638	\$ 16,043,307
Tuition charges					
Individuals	50,550	-	-	-	50,550
Other LEAs within the state	80,000	-	-	-	80,000
Transportation fees from individuals	43,950	-	-	-	43,950
Interest on investments	6,644	-	-	-	6,644
Rents and royalties	25,700	-	-	-	25,700
Miscellaneous	174,898	-	-	-	174,898
	<u>15,324,411</u>	<u>-</u>	<u>-</u>	<u>1,100,638</u>	<u>16,425,049</u>
State sources	2,973,529	1,314	-	-	2,974,843
Federal sources	-	267,188	-	-	267,188
Total revenues	<u>18,297,940</u>	<u>268,502</u>	<u>-</u>	<u>1,100,638</u>	<u>19,667,080</u>
Expenditures					
Current					
Instructional					
Regular instruction	4,643,462	16,302	-	-	4,659,764
Special education instruction	1,521,761	4,950	-	-	1,526,711
Other special instruction	234,671	25,766	-	-	260,437
Other instruction	63,391	829	-	-	64,220
Support service & undistributed costs					
Tuition	270,364	204,802	-	-	475,166
Student & instruction related services					
General & business administrative services	2,402,988	15,853	-	-	2,418,841
School administrative services	600,457	-	-	-	600,457
Plant operations & maintenance	660,047	-	-	-	660,047
Pupil transportation	1,684,276	-	-	-	1,684,276
Unallocated benefits	967,197	-	-	-	967,197
	4,819,209	-	-	-	4,819,209

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 59,431	\$ -	\$ -	\$ -	\$ 59,431
Transfers of funds to charter schools	113,378	-	-	-	113,378
Debt service					
Principal	-	-	-	735,000	735,000
Interest & other charges	33,181	-	-	365,638	398,819
Total expenditures	<u>18,073,813</u>	<u>268,502</u>	<u>-</u>	<u>1,100,638</u>	<u>19,442,953</u>
Net change in fund balance	224,127	-	-	-	224,127
Fund balances, July 1	<u>3,197,110</u>	<u>-</u>	<u>301,939</u>	<u>-</u>	<u>3,499,049</u>
Fund balances, June 30	<u><u>\$ 3,421,237</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 301,939</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,723,176</u></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, 2018

Total net changes in fund balances - governmental fund (from B-2) \$ 224,127

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 59,431	
Depreciation expense	<u>(876,250)</u>	(816,819)

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 Position and are not reported in the Statement of Activities:

Debt principal payments	735,000
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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.

(65,124)

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, 2018

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. \$ 9,396

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. 44,223

Change in net position of governmental activities \$ 137,229

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2018

	Milk Service
Assets	
Current assets	
Cash & cash equivalents	\$ 13,676
Receivables from other governments	
Federal	508
Due from other funds	3,360
Total current assets	17,544
Noncurrent assets	
Capital assets	3,906
Less: accumulated depreciation	3,906
Total noncurrent assets	-
Total assets	17,544
Net position	
Unrestricted	17,544
Total net position	\$ 17,544

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Milk Service</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 9,845
Total operating revenues	<u>9,845</u>
 Operating expenses	
Cost of sales - reimbursable programs	10,705
Supplies and materials	<u>80</u>
Total operating expenses	<u>10,785</u>
 Operating income (loss)	 <u>(940)</u>
 Non-operating revenues (expenses)	
Federal sources	
Special milk program	6,497
Interest earned on investments	<u>22</u>
Total non-operating revenues (expenses)	<u>6,519</u>
 Change in net position	 5,579
 Net position, beginning	 <u>11,965</u>
 Net position, ending	 <u><u>\$ 17,544</u></u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	<u>Milk Service</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 9,845
Payments to vendors (net)	<u>(10,785)</u>
Net cash provided by (used for) operating activities	<u>(940)</u>
 Cash flows from non-capital financing activities	
Federal sources	(6,467)
Net interfund transactions	<u>14,767</u>
Net cash provided by (used for) noncapital financing activities	<u>8,300</u>
 Cash flows from investing activities	
Interest on investments	<u>22</u>
 Net increase (decrease) in cash and cash equivalents	7,382
 Cash and cash equivalents, beginning	<u>6,294</u>
 Cash and cash equivalents, ending	<u>\$ 13,676</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	<u>\$ (940)</u>
 Net cash provided by (used for) operating activities	<u>\$ (940)</u>

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
Assets			
Cash & cash equivalents	\$ 117,626	\$ 55,795	\$ 162,750
Due from other funds	80,436	-	-
Total assets	\$ 198,062	\$ 55,795	\$ 162,750
Liabilities			
Due to other funds	\$ -	\$ -	\$ 141,512
Accounts payable	1	-	-
Due to student groups	-	55,795	-
Payroll deductions and withholdings	-	-	21,238
Total liabilities	1	\$ 55,795	\$ 162,750
Net position			
Held in trust for unemployment claims & other purposes	\$ 198,061		

See accompanying notes to financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Fund</u>
Additions	
Contributions	
Employee contributions	\$ 14,441
Investment earnings - interest	207
Total additions	<u>14,648</u>
Deductions	
Unemployment claims	6,835
Miscellaneous expenses	66
Tota deductions	<u>6,901</u>
Change in net position	7,747
Net position, beginning of the year	<u>190,314</u>
Net position, end of the year	<u><u>\$ 198,061</u></u>

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all 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, 2018 of 846 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 Activities) 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 moneys 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 resource's 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 - This fund is 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 N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2018 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 2017-2018 and 2016-2017 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 and payables

Short-term interfund receivables and 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, 2018.

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
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

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

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.

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. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. 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:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. 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.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of June 30, 2018, the District had no investments.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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.

N.J.S.A. 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.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2018, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	4,342,604
Total bank balances	\$ 4,592,604

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash and cash equivalents		<u>Ref.</u>	\$ 3,821,349
Unrestricted cash and cash equivalents			
Governmental funds, Balance Sheet	B-1		\$ 977,207
Enterprise funds, Statement of Net Position	B-4		13,676
Fiduciary funds, Statement of Net Position	B-7		336,171
Restricted cash and cash equivalents			
Governmental funds, Balance Sheet	B-1		2,494,295
Total cash and cash equivalents			\$ 3,821,349

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2018 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	1,116,392	-	1,116,392	-
Total	<u>9,684,092</u>	<u>-</u>	<u>1,116,392</u>	<u>8,567,700</u>
Capital assets, being depreciated				
Building & improvements	33,912,438	1,127,292	-	35,039,730
Furniture & equipment	998,850	48,531	-	1,047,381
Vehicles	194,571	-	-	194,571
Total	<u>35,105,859</u>	<u>1,175,823</u>	<u>-</u>	<u>36,281,682</u>
Accumulated depreciation				
Building & improvements	10,314,002	800,464	-	11,114,466
Furniture & equipment	671,232	57,661	-	728,893
Vehicles	78,463	18,125	-	96,588
Total	<u>11,063,697</u>	<u>876,250</u>	<u>-</u>	<u>11,939,947</u>
Total capital assets, being depreciated, net	<u>24,042,162</u>	<u>299,573</u>	<u>-</u>	<u>24,341,735</u>
Transfer	-	(1,116,392)	(1,116,392)	-
Governmental activities capital assets, net	<u>\$ 33,726,254</u>	<u>\$ (816,819)</u>	<u>\$ -</u>	<u>\$ 32,909,435</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 3,906	\$ -	\$ -	\$ 3,906
Less: accumulated depreciation	3,906	-	-	3,906
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	\$	338,234
Special education		110,653
Other special instruction		17,225
Other instruction		4,149
Support services		
Student & instruction		174,736
General & business administration		43,662
School administration		47,995
Plant maintenance		139,596
Total depreciation expense, governmental activities	\$	<u>876,250</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 9,824,000	\$ -	\$ 735,000	\$ 9,089,000	\$ 760,000
Bond premium	73,899	-	6,426	67,473	6,426
Compensated absences payable	909,667	-	44,223	865,444	-
PERS net pension liability	4,567,026	-	1,329,410	3,237,616	-
Total governmental activities long-term liabilities	<u>\$ 15,374,592</u>	<u>\$ -</u>	<u>\$ 2,115,059</u>	<u>\$ 13,259,533</u>	<u>\$ 766,426</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, 2018, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	850,000	260,637	1,110,637
2023	880,000	229,700	1,109,700
2024 - 2026	2,454,000	494,200	2,948,200
2027 - 2029	2,545,000	206,200	2,751,200
Total	<u>\$ 9,089,000</u>	<u>\$ 2,143,648</u>	<u>\$ 11,232,648</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, 2018, 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.	\$ 1,034,000
\$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.	8,055,000
	\$ 9,089,000

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, 2018 is \$52,480,826. General obligation debt at June 30, 2018 is \$9,089,000, resulting in a legal debt margin of \$43,391,826.

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.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-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 1, 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, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

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 State fiscal year ended June 30, 2017. 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 N.J.S.A. 43:15A 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 2017, 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2017:

	2017
Total pension liability	\$ 6,238,175
Plan fiduciary net position	3,000,559
Net pension liability	\$ 3,237,616

Plan fiduciary net position as a percentage of the total pension liability 48.10%

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

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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 HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate (continued)

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

Sensitivity of the 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, 2017, 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (5.00%)	\$ 3,237,616
At a 1% lower rate (4.00%)	4,016,483
At a 1% higher rate (6.00%)	2,588,724

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, 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	\$ 76,235	\$ -
Changes of assumptions	652,268	649,877
Net difference between projected and actual earnings on pension plan investments	22,046	-
Changes in proportion and differences between District contributions and proportionate share of contributions	67,325	294,654
District contributions subsequent to the measurement date	128,845	-
Total	\$ 946,719	\$ 944,531

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, 2018, the plan measurement date is June 30, 2017) of \$128,845 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

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, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 76,605	\$ 23,642	\$ 24,012	\$ 76,235
Changes of assumptions	853,283	-	201,015	652,268
Difference between projected and actual earnings on pension plan investments	157,070	(138,772)	(3,748)	22,046
Deferred inflows of resources				
Changes of assumptions	-	(794,939)	(145,062)	(649,877)
Net of deferred outflows	<u>\$ 1,086,958</u>	<u>\$ (910,069)</u>	<u>\$ 76,217</u>	<u>\$ 100,672</u>

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,

2018	\$ 76,217
2019	115,013
2020	69,692
2021	(92,690)
2022	(67,560)
Total	<u>\$ 100,672</u>

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of \$193,968, which represents the District's proportionate share of allocable plan pension expense of \$233,524, less the net amortization of deferred amounts from changes in proportion of \$47,702, and plus other adjustments to the net pension liability of \$8,146. 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, 2018 are as follows:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

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

Pension expense (continued)

Service cost	\$	151,011
Interest on total pension liability		274,030
Member contributions		(71,834)
Administrative expense		1,880
Expected investment return net of investment expense		(195,655)
Pension expense related to specific liabilities of individual employers		(2,125)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		55,953
Amortization of expected versus actual experience		24,012
Amortization of projected versus actual investment earnings on pension plan investments		(3,748)
Pension expense	\$	233,524

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.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after 10-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.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 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

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)

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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 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 the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 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. During the State fiscal year ending June 30, 2017, the State of New Jersey contributed \$758,667 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Components of net pension liability

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 year ending June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 45,553,081
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	3,155,687
Non-employer contribution	758,667
 Allocable proportionate percentage	 .0675625112%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2017 are as follows:

Service cost	\$ 2,038,801
Interest on total pension liability	2,224,796
Member contributions	(532,329)
Administrative expense	8,027
Expected investment return net of investment expense	(1,081,738)
Pension expense related to specific liabilities of individual employers	(241)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	487,256
Amortization of expected versus actual experience	35,901
Amortization of projected versus actual investment earnings on pension plan investments	(24,786)
Pension expense	\$ 3,155,687

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 61,073,636
Plan fiduciary net position	15,520,555
Net pension liability	\$ 45,553,081

Plan fiduciary net position as a percentage of the total pension liability 25.41%

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

Inflation rate	2.25%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
B. Teacher's pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2017, 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:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 45,553,081
At a 1% lower rate (3.25%)	54,118,489
At a 1% higher rate (5.25%)	38,496,861

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 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2018 was \$13,051.

D. Other pension plan information

During the year ended June 30, 2018, the State of New Jersey contributed \$626,945 to the TPAF for post-retirement medical benefits, \$22,998 for non-contributory insurance premiums, \$1,232 for long-term disability insurance, and \$947,687 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$494,546 during the year ended June 30, 2018 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 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. Chapter 103 of PL 2007 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, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 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 participates in the State Health Benefits Program (SHBP), a multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to state employees, retirees, and their dependents. 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 employees, retirees, and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a Resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at (www.nj.gov/treasury/pensions).

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Funding Policy - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go 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.

Total OPEB liability - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	32,085,439
Employer pension expense and related revenue	1,829,099
Allocable proportionate percentage	.059816431%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 34,671,805
Service cost	1,264,188
Interest cost	1,014,047
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(4,148,799)
Member contributions	27,365
Gross benefit payments	(743,167)
Total OPEB liability at June 30, 2017	\$ 32,085,439

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

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

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on age)
Salary increases	1.55% - 4.55%	2.15% - 4.15%
Through 2026	2.00% - 5.45%	3.15% - 5.15%
Thereafter		

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

Health care trend assumptions

For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 32,085,439
At a 1% lower rate (2.58%)	38,087,731
At a 1% higher rate (4.58%)	27,324,364

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 32,085,439
At a 1% lower rate (1% decrease)	26,387,172
At a 1% higher rate (1% increase)	39,652,671

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$1,829,099 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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:

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation (continued)
 Prudential
 Equitable Life Assurance
 Valic

Note 9 - Interfund receivables and payables
 The composition of interfund balances as of June 30, 2018 is as follows:

	Receivable	Payable
General fund	\$ 139,216	\$ 44,460
Special revenue fund	-	37,037
Debt service fund	-	3
Milk service fund	3,360	-
Unemployment compensation fund	80,436	-
Payroll agency fund	-	141,512
	\$ 223,012	\$ 223,012

The balance due from special revenue fund to general fund of \$37,037 represents a reimbursement to general fund for a grantor repayment. The balance of \$3 due from debt service fund to general fund represents excess tax levy receivable received in debt service fund. The balance due to milk service fund from general fund of \$3,360 represents aid received in general fund not disbursed by year end. The balance due to general fund from payroll agency of \$55,876 is health benefits employee contributions not yet received by general fund at year end and \$5,200 represents a loan for flexible spending. The balance due from payroll agency to unemployment compensation of \$80,436 is unemployment withholdings not yet 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.

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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.

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

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017 - 2018	\$ -	\$ 207	\$ 14,441	\$ 6,901	\$ 198,061
2016 - 2017	-	67	14,504	17,195	190,314
2015 - 2016	-	75	14,115	16,299	192,938

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 District's 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 N.J.S.A. 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Legal reserve accounts

Districts are allowed as per N.J.S.A. 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 \$150,000 to the maintenance reserve account and \$150,000 to the capital reserve account by Board resolution in June 2017 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	\$ 1,843,013	\$ 150,000	\$ -	\$ -	\$ -	\$ 1,993,013
Maintenance	150,000	150,000	-	-	-	300,000
Total	<u>\$ 1,993,013</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,293,013</u>

Note 13 - Fund balances

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

	2018
Restricted	
Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 283,232
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.	277,304
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,993,013
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	300,000
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	97,506
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	529,417
Total fund balance - budgetary basis (Exhibit C-1)	3,480,472
Last state aid payments not recognized on GAAP basis	(59,235)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 3,421,237

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 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, 2018 is \$277,304.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Recent accounting pronouncements not yet effective
The following is of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

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, 2018 of (\$3,198,309) 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.

Note 15 - Subsequent events
The District has evaluated subsequent events through February 7, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 14,942,669	\$ -	\$ 14,942,669	\$ 14,942,669	\$ -
Tuition from individuals	30,000	-	30,000	50,550	20,550
Tuition from other LEAs within the state	-	-	-	80,000	80,000
Transportation fees from individuals	32,000	-	32,000	43,950	11,950
Rents and royalties	-	-	-	25,700	25,700
Unrestricted miscellaneous revenues	36,000	-	36,000	177,543	141,543
Interest earned on capital reserve funds	500	-	500	-	(500)
Total	15,041,169	-	15,041,169	15,320,412	279,243
State sources					
Categorical transportation aid	62,144	-	62,144	62,144	-
Extraordinary aid	-	-	-	189,382	189,382
Categorical special education aid	537,876	-	537,876	551,765	13,889
Categorical security aid	13,945	-	13,945	13,945	-
Adjustment aid	13,477	-	13,477	13,477	-
PARCC readiness aid	8,150	-	8,150	8,150	-
Per pupil growth aid	8,150	-	8,150	8,150	-
Professional learning community aid	8,030	-	8,030	8,030	-
Host district support aid	1,368	-	1,368	1,368	-
Lead testing in drinking water	-	-	-	4,270	4,270
Other state aid	-	-	-	20,514	20,514
TPAF pension (on-behalf)	-	-	-	970,685	970,685
TPAF social security (reimbursed)	-	-	-	494,546	494,546
TPAF post retirement benefits	-	-	-	626,945	626,945
TPAF long-term disability insurance	-	-	-	1,232	1,232
Total	653,140	-	653,140	2,974,603	2,321,463
Total revenues	\$ 15,694,309	\$ -	\$ 15,694,309	\$ 18,295,015	\$ 2,600,706
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 338,099	\$ 45,764	\$ 383,863	\$ 383,863	\$ -
Grades 1-5	1,972,729	32,137	2,004,866	2,004,866	-
Grades 6-8	1,609,348	21,596	1,630,944	1,630,944	-
Home instruction					
Salaries of teacher	5,000	-	5,000	1,224	3,776
Regular programs - undistributed instruction					
Purchased professional - educational services	164,336	45,823	210,159	203,373	6,786
Other purchased services	77,300	(11,029)	66,271	63,429	2,842
General supplies	294,434	61,641	356,075	354,995	1,080
Textbooks	50,310	(50,310)	-	-	-
Other objects	30,300	(29,379)	921	768	153
Total	4,541,856	116,243	4,658,099	4,643,462	14,637

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
General supplies	\$ -	\$ 216	\$ 216	\$ 216	\$ -
Textbooks	-	653	653	53	600
Total	-	869	869	269	600
Auditory impairments					
General supplies	-	115	115	115	-
Total	-	115	115	115	-
Multiple disabilities					
Salaries of teachers	117,589	(7,929)	109,660	107,980	1,680
Other salaries for instruction	74,227	47,022	121,249	117,871	3,378
General supplies	5,000	23,209	28,209	27,323	886
Total	196,816	62,302	259,118	253,174	5,944
Resource room/resource center					
Salaries of teachers	1,164,550	(16,182)	1,148,368	1,148,263	105
General supplies	9,000	393	9,393	9,291	102
Total	1,173,550	(15,789)	1,157,761	1,157,554	207
Preschool disabilities - part-time					
Salaries of teachers	144,564	(17,229)	127,335	104,631	22,704
Other salaries for instruction	36,760	(35,626)	1,134	1,134	-
General supplies	7,500	(5,343)	2,157	2,157	-
Total	188,824	(58,198)	130,626	107,922	22,704
Home instruction					
Salaries of teachers	5,000	-	5,000	2,727	2,273
Total	5,000	-	5,000	2,727	2,273
Total special education	1,564,190	(10,701)	1,553,489	1,521,761	31,728
Basic skills/remedial					
Salaries of teachers	152,444	20,890	173,334	172,334	1,000
General supplies	900	(670)	230	-	230
Total	153,344	20,220	173,564	172,334	1,230
Bilingual education - instruction					
Salaries of teachers	62,624	11,138	73,762	62,335	11,427
General supplies	1,500	(289)	1,211	2	1,209
Total	64,124	10,849	74,973	62,337	12,636
School-sponsored co/extra curricular activities - instruction					
Salaries	4,000	20,726	24,726	24,726	-
Purchased services	3,800	(3,800)	-	-	-
Other objects	1,925	(1,730)	195	-	195
Total	9,725	15,196	24,921	24,726	195

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
School-sponsored athletics - instruction					
Salaries	\$ -	\$ 14,794	\$ 14,794	\$ 14,794	\$ -
Purchased services	-	12,309	12,309	12,309	-
Supplies and materials	-	9,391	9,391	8,178	1,213
Other objects	27,549	(23,740)	3,809	3,384	425
Total	27,549	12,754	40,303	38,665	1,638
Total instruction regular	\$ 6,360,788	\$ 164,561	\$ 6,525,349	\$ 6,463,285	\$ 62,064
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 165,157	\$ 55,761	\$ 220,918	\$ 214,947	\$ 5,971
Tuition to priv. school for the disabled w/i state	246,112	(166,827)	79,285	55,417	23,868
Total	411,269	(111,066)	300,203	270,364	29,839
Undistributed expenditures - health services					
Salaries	243,054	1,042	244,096	241,841	2,255
Purchased professional and technical services	3,000	1,500	4,500	1,226	3,274
Supplies and materials	6,000	(2,542)	3,458	2,520	938
Total	252,054	-	252,054	245,587	6,467
Undistributed expenditures - speech, ot, pt & related services					
Salaries	389,218	(26,600)	362,618	362,618	-
Purchased professional - educational services	54,925	8,884	63,809	43,931	19,878
Supplies and materials	3,500	(601)	2,899	1,604	1,295
Total	447,643	(18,317)	429,326	408,153	21,173
Undistributed expend - other supp. service stds. - extra service					
Salaries	467,569	122,777	590,346	590,346	-
Purchased professional - educational services	98,400	(43,595)	54,805	54,805	-
Supplies and materials	7,519	5,222	12,741	12,741	-
Total	573,488	84,404	657,892	657,892	-
Undistributed expenditures - guidance					
Salaries of other professional staff	207,917	-	207,917	202,631	5,286
Other purchased professional & technical services	38,840	(38,840)	-	-	-
Other purchased services	1,000	-	1,000	981	19
Supplies and materials	4,840	(4,426)	414	-	414
Total	252,597	(43,266)	209,331	203,612	5,719
Undistributed expenditures - child study teams					
Salaries of other professional staff	316,317	-	316,317	311,979	4,338
Salaries of secretarial and clerical assistants	90,495	-	90,495	83,981	6,514
Purchased professional - educational services	74,000	34,465	108,465	106,061	2,404
Miscellaneous purchased service	4,720	(4,414)	306	306	-
Supplies and materials	9,500	(1,524)	7,976	7,976	-
Total	495,032	28,527	523,559	510,303	13,256

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	\$ 60,796	\$ -	\$ 60,796	\$ 60,796	\$ -
Salaries of other professional staff	10,000	-	10,000	1,225	8,775
Salaries of secretarial & clerical assist	26,076	(9,894)	16,182	16,182	-
Other purchased services	1,000	-	1,000	-	1,000
Total	97,872	(9,894)	87,978	78,203	9,775
Undistributed expenditures - edu. media service/sch. library					
Salaries	233,731	13,823	247,554	247,554	-
Purchased professional and technical services	3,000	(2,826)	174	-	174
Other purchased services	500	-	500	243	257
Supplies and materials	16,500	2,402	18,902	18,329	573
Total	253,731	13,399	267,130	266,126	1,004
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	1,000	(783)	217	210	7
Other purchased professional & technical services	-	12,210	12,210	11,641	569
Other purchased services	37,000	(15,942)	21,058	20,786	272
Supplies and materials	1,000	-	1,000	475	525
Total	39,000	(4,515)	34,485	33,112	1,373
Undistributed expend. - support service - general admin.					
Salaries	216,571	19,983	236,554	236,554	-
Legal services	40,000	14,132	54,132	53,882	250
Audit fees	25,000	(12,635)	12,365	12,365	-
Other purchased professional services	-	850	850	850	-
Communications/telephone	60,000	(56,543)	3,457	3,371	86
Misc purch services	-	22,104	22,104	21,598	506
General supplies	-	2,090	2,090	2,090	-
Miscellaneous expenditures	-	10,570	10,570	8,375	2,195
BOE membership dues and fees	10,000	(146)	9,854	8,734	1,120
Total	351,571	405	351,976	347,819	4,157
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	324,867	(13,539)	311,328	311,328	-
Salaries of secretarial and clerical assistants	209,536	36,979	246,515	246,515	-
Other purchased services	7,000	(2,289)	4,711	1,169	3,542
Supplies and materials	5,200	1,265	6,465	6,202	263
Other objects	2,500	1,718	4,218	3,984	234
Total	549,103	24,134	573,237	569,198	4,039
Undistributed expenditures - central services					
Salaries	281,631	(16,173)	265,458	236,799	28,659
Purchased professional services	-	11,063	11,063	8,258	2,805
Supplies and materials	-	6,938	6,938	6,704	234
Other objects	-	966	966	877	89
Total	281,631	2,794	284,425	252,638	31,787
Undistributed expenditures - admin. info. technology					
Salaries	103,280	-	103,280	90,849	12,431
Total	103,280	-	103,280	90,849	12,431

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - required maint. for school facilities					
Salaries	\$ 60,000	\$ (60,000)	\$ -	\$ -	\$ -
Cleaning, repair, and maintenance services	137,007	118,486	255,493	234,872	20,621
General supplies	118,760	(59,168)	59,592	56,950	2,642
Other objects	-	10,436	10,436	10,364	72
Total	315,767	9,754	325,521	302,186	23,335
Undistributed expenditures - custodial services					
Salaries	10,000	4,011	14,011	14,011	-
Purchased professional and technical services	882,500	58,107	940,607	939,868	739
Cleaning, repair, and maintenance service	14,000	11,603	25,603	25,576	27
Other purchased property services	28,000	18,841	46,841	38,220	8,621
Insurance	92,000	6,961	98,961	98,961	-
Miscellaneous purchased services	14,000	3,243	17,243	16,166	1,077
General supplies	15,000	10,371	25,371	25,365	6
Energy (electricity)	325,000	(79,287)	245,713	223,923	21,790
Total	1,380,500	33,850	1,414,350	1,382,090	32,260
Undistributed expenditures - student transportation service					
Other purchased professional and technical service	-	6,300	6,300	300	6,000
Contract service-aid in lieu pymts - non-public schools	46,000	(46,000)	-	-	-
Contract service (between home & school) - vendors	348,844	98,210	447,054	447,053	1
Contract service (oth. than between home & school) - vend	2,000	-	2,000	696	1,304
Contract service (sp ed stds) - joint agreements	511,973	(46,049)	465,924	444,404	21,520
Miscellaneous purchased services - transportation	10,000	64,745	74,745	74,744	1
Total	918,817	77,206	996,023	967,197	28,826
Unallocated benefits - employee benefits					
Social security contributions	190,595	(30,192)	160,403	160,403	-
Other retirement contributions - PERS	140,000	(9,624)	130,376	130,376	-
Workmen's compensation	90,000	(8,758)	81,242	81,242	-
Health benefits	2,314,983	(63,923)	2,251,060	2,249,764	1,296
Tuition reimbursement	35,000	3,982	38,982	38,982	-
Other employee benefits	85,000	(16,097)	68,903	65,034	3,869
Total	2,855,578	(124,612)	2,730,966	2,725,801	5,165
On-behalf TPAF pension contribution	-	-	-	970,685	(970,685)
On-behalf TPAF post retirement medical benefits	-	-	-	626,945	(626,945)
On-behalf TPAF long-term disability insurance	-	-	-	1,232	(1,232)
Reimbursed TPAF social security contribution	-	-	-	494,546	(494,546)
Total	-	-	-	2,093,408	(2,093,408)
Total undistributed expenditures	\$ 9,578,933	\$ (37,197)	\$ 9,541,736	\$ 11,404,538	\$ (1,862,802)
Total current	\$ 15,939,721	\$ 127,364	\$ 16,067,085	\$ 17,867,823	\$ (1,800,738)

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Capital outlay					
Equipment					
Grades 6-8	\$ 78,885	\$ 6,102	\$ 84,987	\$ 6,102	\$ 78,885
Undistributed					
Undistributed expenditures - admin. info. technology	-	28,534	28,534	28,534	-
Undistributed expend. - required maint. for school facilities	-	10,900	10,900	10,900	-
Undistributed expenditures - non-instructional service	-	9,896	9,896	9,896	-
Total equipment	<u>78,885</u>	<u>55,432</u>	<u>134,317</u>	<u>55,432</u>	<u>78,885</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	33,181	-	33,181	33,181	-
Total facilities acquisition and construction service	<u>33,181</u>	<u>-</u>	<u>33,181</u>	<u>33,181</u>	<u>-</u>
Total capital outlay	<u>\$ 112,066</u>	<u>\$ 55,432</u>	<u>\$ 167,498</u>	<u>\$ 88,613</u>	<u>\$ 78,885</u>
Transfer of funds to charter schools	<u>\$ 71,848</u>	<u>\$ 52,062</u>	<u>\$ 123,910</u>	<u>\$ 113,378</u>	<u>\$ 10,532</u>
Total expenditures	<u>\$ 16,123,635</u>	<u>\$ 234,858</u>	<u>\$ 16,358,493</u>	<u>\$ 18,069,814</u>	<u>\$ (1,711,321)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (429,326)	\$ (234,858)	\$ (664,184)	\$ 225,201	\$ 889,385
Fund balances, July 1	3,255,271	-	3,255,271	3,255,271	-
Fund balances, June 30	<u>\$ 2,825,945</u>	<u>\$ (234,858)</u>	<u>\$ 2,591,087</u>	<u>\$ 3,480,472</u>	<u>\$ 889,385</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (145,377)	\$ -	\$ (145,377)	\$ (145,377)	\$ -
Increase in capital reserve	-	150,000	150,000	150,000	-
Interest deposit to capital reserve	500	-	500	-	(500)
Increase in maintenance reserve	-	150,000	150,000	150,000	-
Budgeted fund balance	(284,449)	(534,858)	(819,307)	70,578	889,885
Total	<u>\$ (429,326)</u>	<u>\$ (234,858)</u>	<u>\$ (664,184)</u>	<u>\$ 225,201</u>	<u>\$ 889,385</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 283,232	
Excess surplus - current year				277,304	
Capital reserve				1,993,013	
Maintenance reserve				300,000	
Committed fund balance					
Year-end encumbrances				97,506	
Unassigned fund balance				<u>529,417</u>	
Fund balance per budgetary basis				3,480,472	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(59,235)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,421,237</u>	

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
State sources	\$ 1,319	\$ -	\$ 1,319	\$ 1,314	\$ (5)
Federal sources	262,271	-	262,271	262,238	(33)
Total revenues	<u>\$ 263,590</u>	<u>\$ -</u>	<u>\$ 263,590</u>	<u>\$ 263,552</u>	<u>\$ (38)</u>
Expenditures					
Instruction					
Tuition	\$ 204,802	\$ -	\$ 204,802	\$ 204,802	\$ -
Salaries	7,700	(7,700)	-	-	-
Purchased professional and technical services	3,347	10,000	13,347	13,347	-
Other purchased services	-	27,370	27,370	27,337	33
Supplies	28,147	(26,114)	2,033	2,028	5
Totals	<u>243,996</u>	<u>3,556</u>	<u>247,552</u>	<u>247,514</u>	<u>38</u>
Support services					
Salaries	750	(750)	-	-	-
Employee benefits	2,213	(2,213)	-	-	-
Purchased professional and technical services	400	(400)	-	-	-
Other purchased services	16,046	(193)	15,853	15,853	-
Supplies	185	-	185	185	-
Total	<u>19,594</u>	<u>(3,556)</u>	<u>16,038</u>	<u>16,038</u>	<u>-</u>
Total expenditures	<u>\$ 263,590</u>	<u>\$ -</u>	<u>\$ 263,590</u>	<u>\$ 263,552</u>	<u>\$ 38</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$ 18,295,015	\$ 263,552
Donations of capital assets are not recognized for budgetary purposes but treated as revenues and additional expenditures for GAAP purposes	3,999	-
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	-	4,950
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	58,161	-
State aid receivable current year	<u>(59,235)</u>	<u>-</u>
Total revenues (GAAP Basis)	<u>\$ 18,297,940</u>	<u>\$ 268,502</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information (continued)
Budget-to-GAAP Reconciliation

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 18,069,814	\$ 263,552
Donations of capital assets are not recognized for budgetary purposes but treated as revenues and additional expenditures for GAAP purposes	3,999	-
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	-	4,950
Total expenditures (GAAP basis)	\$ 18,073,813	\$ 268,502

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0139082411%	0.0154202164%	0.0150636512%	0.0153385750%	0.0150357095%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 3,237,616	\$ 4,567,026	\$ 3,381,488	\$ 2,871,801	\$ 2,873,623	N/A	N/A	N/A	N/A
District's covered employee payroll	953,014	1,006,986	999,567	1,078,481	968,092	1,066,266	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	321.52%	456.90%	313.54%	296.65%	269.50%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 136,991	\$ 136,991	\$ 129,507	\$ 126,499	\$ 113,291	\$ 115,967	\$ 110,591	\$ 146,794	\$ 138,103	\$ 70,361
Contributions in relation to the contractually required contribution	(136,991)	(136,991)	(129,507)	(126,499)	(113,291)	(115,967)	(110,591)	(146,794)	(138,103)	(70,361)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 953,014	\$ 1,006,986	\$ 999,567	\$ 1,078,481	\$ 968,092	\$ 1,066,266	\$ 1,031,709	\$ 1,017,279	\$ 928,626	\$ 1,508,554
Contributions as a percentage of covered employee payroll	14.37%	13.60%	12.96%	11.73%	11.70%	10.88%	10.72%	14.43%	14.87%	4.66%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	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
State's proportionate share of the net pension liability (asset) associated with the District	N/A	45,553,081	52,986,217	39,623,449	35,790,018	33,336,637	N/A	N/A	N/A	N/A
Total	\$ -	\$ 45,553,081	\$ 52,986,217	\$ 39,623,449	\$ 35,790,018	\$ 33,336,637	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 6,987,842	\$ 6,792,576	\$ 6,598,498	\$ 6,724,784	\$ 6,463,514	\$ 6,383,823	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%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution	\$ 970,685	\$ 760,911	\$ 539,276	\$ 338,931	\$ 283,285	\$ 426,216	\$ 209,551	\$ 20,755	\$ 22,534	\$ 21,916
Contributions in relation to the contractually required contribution	<u>(970,685)</u>	<u>(760,911)</u>	<u>(539,276)</u>	<u>(338,931)</u>	<u>(283,285)</u>	<u>(426,216)</u>	<u>(209,551)</u>	<u>(20,755)</u>	<u>(22,534)</u>	<u>(21,916)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 6,987,842	\$ 6,792,576	\$ 6,598,498	\$ 6,724,784	\$ 6,463,514	\$ 6,383,823	\$ 6,561,591	\$ 6,375,266	\$ 6,533,458	\$ 6,482,260
Contributions as a percentage of covered employee payroll	13.89%	11.20%	8.17%	5.04%	4.38%	6.68%	3.19%	0.33%	0.34%	0.34%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	32,085,439	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 32,085,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 7,799,562	N/A	N/A	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%	N/A	N/A	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	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not Available

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2018

- Note 1 - Special funding situation - TPAF and other post-retirement benefits
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 and other post-retirement benefits (OPEB) 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 and OPEB 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 and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits
For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title III	ESSA Title III Immigrant	ESSA Title IV	NJ Non-public	Total
Revenues									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,314	\$ 1,314
Federal sources	193,725	11,077	26,766	14,443	10,000	2,955	3,272	-	262,238
Total revenues	\$ 193,725	\$ 11,077	\$ 26,766	\$ 14,443	\$ 10,000	\$ 2,955	\$ 3,272	\$ 1,314	\$ 263,552
Expenditures									
Instruction									
Tuition	\$ 193,725	\$ 11,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,802
Purchased professional and technical services	-	-	-	75	10,000	-	3,272	-	13,347
Other purchased services	-	-	25,766	-	-	1,571	-	-	27,337
Supplies	-	-	-	-	-	1,384	-	644	2,028
Total	193,725	11,077	25,766	75	10,000	2,955	3,272	644	247,514
Support services									
Other purchased services	-	-	1,000	14,368	-	-	-	485	15,853
Supplies	-	-	-	-	-	-	-	185	185
Total	-	-	1,000	14,368	-	-	-	670	16,038
Total expenditures	\$ 193,725	\$ 11,077	\$ 26,766	\$ 14,443	\$ 10,000	\$ 2,955	\$ 3,272	\$ 1,314	\$ 263,552

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, 2018

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/18
			Prior Years	Current Year	
Millington Elementary School partial roof replacement	03/11/14	\$ 1,281,412	\$ 979,473	-	\$ 301,939
		<u>\$ 1,281,412</u>	<u>\$ 979,473</u>	<u>-</u>	<u>\$ 301,939</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, 2018

Revenues and other financing sources		
Local sources - transfer from capital reserve	\$	-
Total revenues		-
Expenditures		
Construction services		-
Total expenditures		-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses		-
Fund balance - beginning of year		301,939
Fund balance - ending of year	\$	301,939

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, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - bond proceeds	\$ 255,319	\$ -	\$ 255,319	\$ 255,319
State source - school development authority grant	527,600	-	527,600	527,600
Transfer in from capital reserve	498,493	-	498,493	498,493
Total revenues	<u>1,281,412</u>	<u>-</u>	<u>1,281,412</u>	<u>1,281,412</u>
Expenditures and other financing uses				
Purchased professional services	12,687	-	12,687	12,687
Construction services	966,786	-	966,786	966,786
Transfer to other funds	-	-	-	301,939
Total expenditures	<u>979,473</u>	<u>-</u>	<u>979,473</u>	<u>1,281,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 301,939</u>	<u>\$ -</u>	<u>\$ 301,939</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	\$ (37,588)
Revised authorized cost	\$ 1,281,412
Percentage completion	76.44%

See independent auditors' report.

PROPRIETARY FUNDS

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
Enterprise Fund
Statement of Net Position
June 30, 2018

	<u>Milk Service</u>
Assets	
Current assets	
Cash & cash equivalents	\$ 13,676
Receivables from other governments	
Federal	508
Due from other funds	3,360
Total current assets	17,544
Noncurrent assets	
Capital assets	3,906
Less: accumulated depreciation	3,906
Total noncurrent assets	-
Total assets	17,544
Net position	
Unrestricted	17,544
Total net position	\$ 17,544

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	Milk Service
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 9,845
Total operating revenues	9,845
Operating expenses	
Cost of sales - reimbursable programs	10,705
Supplies and materials	80
Total operating expenses	10,785
Operating income (loss)	(940)
Non-operating revenues (expenses)	
Federal sources	
Special milk program	6,497
Interest earned on investments	22
Total non-operating revenues (expenses)	6,519
Change in net position	5,579
Net position, beginning	11,965
Net position, ending	\$ 17,544

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	Milk Service
Cash flows from operating activities	
Receipts from customers	\$ 9,845
Payments to vendors (net)	(10,785)
Net cash provided by operating activities	(940)
Cash flows from noncapital financing activities	
Federal sources	(6,467)
Net interfund receivable	14,767
Net cash provided by (used for) non capital financing activities	8,300
Cash flows from investing activities	
Interest on investments	22
Net increase in cash and cash equivalents	7,382
Cash and cash equivalents, July 1	6,294
Cash and cash equivalents, June 30	\$ 13,676
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (940)
Net cash provided by (used for) operating activities	\$ (940)

See independent auditors' report.

FIDUCIARY FUNDS

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 Statement of Net Position
June 30, 2018

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash & cash equivalents	\$ 117,626	\$ 55,795	\$ 162,750	\$ 336,171
Due from other funds	80,436	-	-	80,436
Total assets	<u>\$ 198,062</u>	<u>\$ 55,795</u>	<u>\$ 162,750</u>	<u>\$ 416,607</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ 141,512	\$ 141,512
Accounts payable	1	-	-	1
Due to students groups	-	55,795	-	55,795
Payroll deductions & withholdings	-	-	21,238	21,238
Total liabilities	<u>1</u>	<u>55,795</u>	<u>162,750</u>	<u>218,546</u>
Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 198,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,061</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation Fund
Additions	
Contributions	
Employee withholdings	\$ 14,441
Investment earnings - interest	207
Total additions	14,648
 Deductions	
Unemployment claims	6,835
Miscellaneous expenses	66
Total deductions	6,901
 Change in net position	7,747
 Net position, beginning of the year	190,314
 Net position, end of the year	\$ 198,061

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash & cash equivalents	\$ 50,015	\$ 116,107	\$ 110,327	\$ 55,795
Total assets	\$ 50,015	\$ 116,107	\$ 110,327	\$ 55,795
Liabilities				
Due to student groups				
Gillette School	\$ 3,112	\$ 3,420	\$ 3,212	\$ 3,320
Millington School	7,391	13,181	15,120	5,452
Central School	38,860	99,506	91,891	46,475
Longo Scholarship	652	-	104	548
Total liabilities	\$ 50,015	\$ 116,107	\$ 110,327	\$ 55,795

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LONG HILL TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2018

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
Assets				
Cash & cash equivalents	\$ 91,146	\$ 12,549,263	\$ 12,477,659	\$ 162,750
Total assets	\$ 91,146	\$ 12,549,263	\$ 12,477,659	\$ 162,750
Liabilities				
Due to other funds				
Payroll deductions & withholdings	\$ 72,054	\$ 70,317	\$ 859	\$ 141,512
Net payroll	2,551	7,288,431	7,287,550	3,432
	16,541	5,190,515	5,189,250	17,806
Total liabilities	\$ 91,146	\$ 12,549,263	\$ 12,477,659	\$ 162,750

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, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
Refunding school bonds of 2012	03/16/12	\$ 9,880,000	01/15/19	\$ 600,000	4.00%	\$ 8,635,000	\$ -	\$ 580,000	\$ 8,055,000
			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	-	-	-	-	-
School bonds of 2014	07/18/14	1,464,000	01/15/19	160,000	2.25%	1,189,000	-	155,000	1,034,000
			01/15/20	165,000	-	-	-	-	-
			01/15/21	170,000	-	-	-	-	-
			01/15/22	175,000	-	-	-	-	-
			01/15/23	180,000	2.50%	-	-	-	-
			01/15/24	184,000	-	-	-	-	-
						<u>\$ 9,824,000</u>	<u>\$ -</u>	<u>\$ 735,000</u>	<u>\$ 9,089,000</u>

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 1,100,638	\$ -	\$ 1,100,638	\$ 1,100,638	\$ -
Total revenues	<u>1,100,638</u>	<u>-</u>	<u>1,100,638</u>	<u>1,100,638</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	735,000	-	735,000	735,000	-
Interest	365,638	-	365,638	365,638	-
Total expenditures	<u>1,100,638</u>	<u>-</u>	<u>1,100,638</u>	<u>1,100,638</u>	<u>-</u>
Excess (deficiency) of revenues Over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 23,820,435
Restricted	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654	2,294,952	2,594,952
Unrestricted	(633,888)	36,864	124,544	222,266	210,364	(1,349,281)	(2,276,858)	(2,023,635)	(3,117,357)	(3,198,309)
Total governmental activities	<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>	<u>\$ 23,079,849</u>	<u>\$ 23,217,078</u>
Business-type activities										
Unrestricted	\$ 25,427	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063	\$ 11,965	\$ 17,544
Total business-type activities	<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>	<u>\$ 11,965</u>	<u>\$ 17,544</u>
District-wide										
Net investment in capital assets	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 23,820,435
Restricted	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654	2,294,952	2,594,952
Unrestricted	(608,461)	68,215	135,589	243,765	234,005	(1,315,945)	(2,236,236)	(1,985,572)	(3,105,392)	(3,180,765)
Total district-wide	<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>	<u>\$ 23,091,814</u>	<u>\$ 23,234,622</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,620,816	\$ 5,603,517	\$ 5,852,056	\$ 6,141,698	\$ 6,294,323	\$ 6,033,482	\$ 7,648,481	\$ 7,499,034	\$ 8,606,961	\$ 9,344,474
Special education	2,621,360	2,494,046	2,481,953	2,563,200	2,621,952	2,566,332	2,875,287	3,567,004	3,771,860	3,619,367
Other instruction	75,330	21,811	25,502	19,579	14,067	47,017	-	38,359	49,075	111,411
Support services										
Tuition	502,813	804,488	645,210	662,714	517,792	373,716	451,199	603,911	549,914	475,166
Student & instruction related services	2,465,804	2,531,533	2,561,944	2,930,424	3,097,528	3,167,895	3,422,924	3,266,554	4,786,166	5,162,316
General & business administrative services	999,666	1,006,656	863,363	1,086,748	853,858	899,858	916,395	1,302,615	1,287,909	1,282,001
School administration	727,558	764,940	767,969	836,833	776,974	841,903	865,078	1,217,675	1,399,585	1,317,464
Plant operations & maintenance	1,665,687	1,387,920	1,352,905	1,440,633	1,439,681	1,472,539	1,513,949	1,530,921	1,745,474	1,738,866
Pupil transportation	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295	881,120	967,197
Transfer to charter school	-	-	-	-	38,307	55,637	58,986	27,683	71,967	113,378
Interest on long-term debt	676,639	635,426	637,769	502,399	477,568	451,154	443,059	422,579	403,199	382,997
Total governmental activities expenses	<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>	<u>23,553,230</u>	<u>24,514,637</u>
Business-type activities										
Milk service fund	24,557	24,114	51,609	18,229	21,968	14,103	15,239	22,443	41,983	10,785
Total business-type activities	<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>	<u>41,983</u>	<u>10,785</u>
Total district expenses	<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>	<u>\$ 23,595,213</u>	<u>\$ 24,525,422</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services	\$ 22,750	\$ 62,850	\$ 340,272	\$ 283,327	\$ 284,780	\$ 177,193	\$ 167,115	\$ 106,595	\$ 107,630	\$ 200,200
Operating grants & contributions	402,258	475,695	491,581	341,490	344,643	318,106	298,591	298,315	241,757	268,502
Capital grants & contributions	-	-	-	-	-	1,309,812	-	-	-	-
Total governmental activities program revenues	<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>	<u>349,387</u>	<u>468,702</u>
Business-type activities										
Charges for services										
Milk service	27,877	25,768	21,751	18,563	15,899	15,520	13,829	12,293	9,999	9,845
Operating grants & contributions	5,599	4,208	9,514	10,112	8,204	8,266	8,685	7,580	5,879	6,497
Total business-type activities program revenues	<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>	<u>15,878</u>	<u>16,342</u>
Total district-program revenues	<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>	<u>\$ 365,265</u>	<u>\$ 485,044</u>
Net (expense) revenues										
Governmental activities	\$(15,807,164)	\$(15,783,596)	\$(15,299,860)	\$(16,465,854)	\$(16,382,886)	\$(14,829,927)	\$(18,506,514)	\$(19,879,720)	\$(23,203,843)	\$(24,045,935)
Business-type activities	<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>	<u>(26,105)</u>	<u>5,557</u>
Total district-wide net expenses	<u><u>\$(15,798,245)</u></u>	<u><u>\$(15,777,734)</u></u>	<u><u>\$(15,320,204)</u></u>	<u><u>\$(16,455,408)</u></u>	<u><u>\$(16,380,751)</u></u>	<u><u>\$(14,820,244)</u></u>	<u><u>\$(18,499,239)</u></u>	<u><u>\$(19,882,290)</u></u>	<u><u>\$(23,229,948)</u></u>	<u><u>\$(24,040,378)</u></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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 12,649,048	\$ 13,021,091	\$ 13,607,499	\$ 13,873,821	\$ 13,841,574	\$ 14,105,638	\$ 14,206,695	\$ 14,363,661	\$ 14,649,675	\$ 14,942,669
Taxes levied for debt service	1,519,719	1,519,564	1,445,963	1,179,668	1,244,143	1,211,892	921,150	1,090,819	1,099,590	1,100,638
Unrestricted grants & contributions	1,897,379	2,052,300	1,411,610	1,802,687	2,204,491	2,013,937	4,079,433	4,820,457	6,745,684	7,958,315
Capital grants - unallocated										
Investment earnings	13,861	5,683	3,322	3,539	2,864	2,197	2,227	2,025	-	6,644
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	25,322	141,304	70,542	115,346	49,650	64,432	46,120	75,041	116,009	174,898
Total governmental activities	<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>	<u>22,610,958</u>	<u>24,183,164</u>
Business - type activities										
Investment earnings	9	62	38	8	7	12	11	11	7	22
Total business-type activities	<u>9</u>	<u>62</u>	<u>38</u>	<u>8</u>	<u>7</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>7</u>	<u>22</u>
Total district-wide	<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>	<u>\$ 22,610,965</u>	<u>\$ 24,183,186</u>
Change in net position										
Governmental activities	\$ 298,165	\$ 959,894	\$ 1,242,441	\$ 512,855	\$ 984,212	\$ 2,603,797	\$ 749,111	\$ 472,283	\$ (592,885)	\$ 137,229
Business-type activities	8,928	5,924	(20,306)	10,454	2,142	9,695	7,286	(2,559)	(26,098)	5,579
Total district	<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>	<u>\$ (618,983)</u>	<u>\$ 142,808</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 74,382	\$ 74,582	\$ 1,009,154	\$ 1,685,320	\$ 2,061,504	\$ 2,001,935	\$ 2,384,266	\$ 2,398,577	\$ 2,560,694	\$ 2,853,549
Committed	54,715	179,981	184,219	191,599	72,892	116,301	209,792	429,087	145,377	97,506
Assigned	-	157,526	115,165	137,703	-	-	-	-	-	-
Unassigned	(12,521)	315,488	417,246	400,328	414,508	410,155	391,407	351,443	491,039	470,182
Total general fund	<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>	<u>\$ 3,197,110</u>	<u>\$ 3,421,237</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 22,229	\$ -	\$ -	\$ -	\$ -	\$ 166,192	\$ 1,976,741	\$ 355,643	\$ 301,939	\$ 301,939
Assigned, reported in										
Debt service fund	-	-	-	2,206	48,008	-	998	998	-	-
Total all other governmental funds	<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>	<u>\$ 301,939</u>	<u>\$ 301,939</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 14,168,767	\$ 14,540,655	\$ 15,053,462	\$ 15,053,489	\$ 15,085,717	\$ 15,317,530	\$ 15,127,845	\$ 15,454,480	\$ 15,749,265	\$ 16,043,307
Tuition charges	22,750	62,850	246,890	202,359	205,543	51,596	88,884	40,601	42,750	130,550
Interest earnings	13,861	5,683	3,322	3,539	2,864	2,197	2,227	2,025	1,840	6,644
Miscellaneous	63,432	151,307	170,289	206,474	132,733	151,401	124,351	141,038	179,049	244,548
State sources	1,985,802	2,128,239	1,487,561	1,848,135	2,275,509	2,073,590	2,203,144	2,450,018	2,766,072	2,974,843
State sources - capital grants	-	-	-	-	-	1,309,812	-	-	-	-
Federal sources	275,725	389,753	412,630	296,042	269,779	244,615	249,041	249,383	240,192	267,188
Total revenues	16,530,337	17,278,487	17,374,154	17,610,038	17,972,145	19,150,741	17,795,492	18,337,545	18,979,168	19,667,080
Expenditures										
Instruction										
Regular instruction	3,886,787	3,953,875	4,347,113	4,389,470	4,324,883	4,206,186	4,473,077	4,619,096	4,480,458	4,643,462
Special education instruction	1,571,683	1,567,063	1,613,971	1,523,796	1,536,818	1,470,375	1,519,534	1,389,625	1,456,020	1,521,761
Other special instruction	203,559	136,867	146,722	203,969	208,972	211,538	212,585	244,369	269,665	234,671
Other instruction	9,445	19,706	23,879	18,382	13,213	47,017	-	38,359	29,209	63,391
Support services										
Tuition	271,061	485,306	326,658	449,861	296,756	179,561	244,357	391,202	350,099	270,364
Student & inst related services	1,654,544	1,720,019	1,743,821	1,962,768	2,098,959	2,137,306	2,177,813	2,138,681	2,178,400	2,402,988
General administration	412,069	387,214	305,728	286,071	261,847	268,558	289,326	357,429	357,324	347,819
School administration services	517,346	546,945	548,036	588,744	548,876	558,934	559,572	559,914	578,403	569,198
Central services	247,979	270,506	245,817	275,714	258,082	271,710	264,361	274,180	275,740	252,638
Administrative information technology	98,635	97,370	93,064	94,537	92,597	94,449	97,338	100,258	103,780	90,849
Plant operations & maintenance	1,437,282	1,381,948	1,342,867	1,429,414	1,426,991	1,453,580	1,499,746	1,500,569	1,690,661	1,684,276
Pupil transportation	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295	881,120	967,197
Employee benefits	2,434,613	1,894,984	1,792,310	2,018,835	2,196,343	2,260,719	2,274,104	2,387,933	2,563,167	2,725,801
On-behalf TPAF pension & social security contribution	932,871	934,801	935,645	1,116,788	1,414,443	1,223,084	1,363,588	1,651,428	1,877,594	2,093,408
Transfer to charter schools	-	-	-	-	38,307	55,637	58,986	27,683	71,967	113,378
Capital outlay	28,358	42,383	108,856	8,539	613,553	670,182	273,247	134,505	423,030	59,431
Capital projects	22,063	22,229	-	-	-	556,346	740,725	1,719,160	53,704	-
Special revenue funds	402,258	475,695	491,581	341,490	344,643	318,106	298,591	298,315	241,757	268,502
Debt service										
Principal	835,000	875,000	843,000	610,000	790,000	825,000	525,000	670,000	715,000	735,000
Interest & other charges	684,719	644,564	642,666	593,845	441,522	468,081	429,331	454,000	418,769	398,819
Total expenditures	16,526,771	16,528,279	16,494,776	16,818,666	17,787,064	18,001,874	18,078,143	19,765,001	19,015,867	19,442,953

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ 3,566	\$ 750,208	\$ 879,378	\$ 791,372	\$ 185,081	\$ 1,148,867	\$ (282,651)	\$ (1,427,456)	\$ (36,699)	\$ 224,127
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>\$ 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>	<u>\$ (36,699)</u>	<u>\$ 224,127</u>
Debt service as a percentage of non-capital expenditures	10.16%	10.17%	9.97%	7.71%	7.73%	8.35%	5.92%	6.70%	6.51%	6.21%

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 13,861	\$ 4,934	\$ 3,322	\$ 3,539	\$ 2,864	\$ 2,197	\$ 2,227	\$ 2,025	\$ 1,840	\$ 6,644
Tuition	22,750	62,850	246,890	202,359	205,543	51,596	88,884	39,851	42,750	130,550
Old outstanding checks canceled	-	-	128	-	473	4,078	-	-	-	-
Prior year refunds	354	3,056	-	-	-	-	-	4,278	-	75,260
Miscellaneous	(463)	1,418	1,154	1,114	1,245	691	109	461	562	1,212
Insurance rebates	-	-	-	-	-	9,732	-	-	-	-
Facility use fees	16,925	17,000	25,600	26,706	26,400	26,075	24,045	24,275	27,600	25,700
Prior year accounts payable canceled	7,250	-	27,836	78,870	2,379	295	1,134	-	-	-
Sale of assets	-	-	-	10,160	883	-	300	556	-	100
E-rate reimbursements	-	7,278	-	-	-	-	-	23,375	65,869	10,389
Morris Union jointure rebate	-	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	47,738	48,716
Transportation fees	-	74,283	67,782	54,262	52,837	53,483	48,186	41,719	37,280	43,950
Fund 20 adjustment	-	-	-	(2,214)	-	3,430	-	-	-	-
Close out of old bank accounts	-	-	314	-	-	-	-	-	-	-
Donations	1,246	-	3,859	-	-	6,408	-	100	-	39,221
BASF grant	-	-	-	-	-	-	5,000	-	-	-
Excess pay to play fees	-	-	-	-	-	-	884	-	-	-
Annual totals	\$ 61,923	\$ 209,088	\$ 417,501	\$ 410,166	\$ 337,294	\$ 191,356	\$ 214,462	\$ 183,661	\$ 223,639	\$ 381,742

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 19,258,300	\$ 20,585,700	\$ 19,059,600	\$ 17,735,400	\$ 16,751,400	\$ 16,714,900	\$ 12,534,800	\$ 13,971,900	\$ 14,201,100	\$ 14,615,200
Residential	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	1,446,332,700	1,456,170,800
Farm	3,110,700	2,836,200	2,284,800	3,149,300	4,161,400	3,781,600	4,162,100	4,679,500	-	4,429,500
Commercial	103,887,300	103,892,800	104,055,800	103,707,100	102,227,500	102,470,400	105,033,300	132,529,400	135,721,400	138,160,000
Industrial	16,541,200	16,541,200	16,541,200	16,541,200	16,445,900	16,304,600	16,175,000	18,072,600	18,666,200	19,112,100
Apartment	6,691,600	6,668,200	6,268,200	6,268,200	6,268,200	6,268,200	6,268,200	8,606,400	9,181,900	9,429,200
Total assessed value	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	1,624,103,300	1,641,916,800
Public utilities (a)	4,268,514	4,454,525	4,509,141	4,714,115	3,796,526	3,141,460	3,141,460	4,068,200	4,065,433	4,078,046
Net valuation taxable	\$ 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	\$ 1,628,168,733	\$ 1,645,994,846
Estimated actual county equalized value	\$ 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	\$ 1,741,293,675	\$ 1,747,816,148
Percentage of net valuation to estimated actual equalized value	68.12%	72.32%	72.25%	75.60%	78.16%	78.69%	75.67%	90.84%	93.50%	94.17%
Total direct school tax rate (b)	\$ 1.11	\$ 1.14	\$ 1.18	\$ 1.18	\$ 1.25	\$ 1.16	\$ 1.22	\$ 0.97	\$ 0.98	\$ 0.99

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		
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	
2017	0.91	0.07	0.98	0.47	0.64	0.28	2.37	
2018	0.92	0.07	0.99	0.47	0.64	0.28	2.38	

Sources: Municipal Tax Collector

NOTE: N.J.S.A. 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

	2018			2009		
	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	1.62%	\$ 21,204,400	1	1.65%
Stirling Center Associates	13,815,000	2	0.84%	9,907,400	2	0.77%
Stirling Manor	5,877,000	3	0.36%	4,000,000	4	0.31%
TIFA, LTD	4,179,400	4	0.25%	3,030,500	6	0.24%
Verizon	4,130,534	5	0.25%	4,268,514	3	0.33%
Transcontinental Gas Pipeline	4,040,500	6	0.25%	3,764,500	5	0.29%
Parthenon c/o Walgreens	3,380,500	7	0.21%	-	-	-
M & M Realty Management Limited	3,339,600	8	0.20%	-	-	-
Millington Savings Bank	3,048,200	9	0.19%	2,215,500	9	0.17%
Jilrydan, Inc	2,660,700	10	0.16%	2,197,400	10	0.17%
RHK/AK Stamping	-	-	-	2,312,300	7	0.18%
Dagwood Properties	-	-	-	2,246,900	8	0.17%
	<u>\$ 71,176,034</u>		<u>4.32%</u>	<u>\$ 55,147,414</u>		<u>4.28%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 14,168,767	\$ 14,168,767	100.00%
2010	14,540,655	14,540,655	100.00%
2011	15,053,462	15,053,462	100.00%
2012	15,053,489	15,053,489	100.00%
2013	15,085,717	15,085,717	100.00%
2014	15,317,530	15,317,530	100.00%
2015	15,127,845	15,127,845	100.00%
2016	15,454,480	15,454,480	100.00%
2017	15,749,265	15,749,265	100.00%
2018	16,043,307	16,043,307	100.00%

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				
2009	\$ 14,197,000	\$ -	\$ -	\$ -	\$ -	\$ 14,197,000	2.21%	\$ 1,649	
2010	13,322,000	-	-	-	-	13,322,000	2.18%	1,553	
2011	12,479,000	-	60,417	-	-	12,539,417	1.93%	1,438	
2012	11,885,000	-	60,417	-	-	11,945,417	1.77%	1,363	
2013	11,095,000	-	-	-	-	11,095,000	1.58%	1,264	
2014	10,270,000	-	-	-	-	10,270,000	1.44%	1,168	
2015	11,209,000	-	-	-	-	11,209,000	1.52%	1,276	
2016	10,539,000	-	-	-	-	10,539,000	1.37%	1,201	
2017	9,824,000	-	-	-	-	9,824,000	1.26%	1,123	
2018	9,089,000	-	-	-	-	9,089,000	N/A	1,043	

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			
2009	\$ 14,197,000	\$ -	\$ 14,197,000	1.10%	\$ 1,649
2010	13,322,000	-	13,322,000	1.03%	1,553
2011	12,479,000	-	12,479,000	0.97%	1,431
2012	11,885,000	-	11,885,000	0.93%	1,357
2013	11,095,000	-	11,095,000	0.88%	1,264
2014	10,270,000	-	10,270,000	0.82%	1,168
2015	11,209,000	-	11,209,000	0.89%	1,276
2016	10,539,000	-	10,539,000	0.65%	1,201
2017	9,824,000	-	9,824,000	0.60%	1,123
2018	9,089,000	-	9,089,000	0.55%	1,043

NOTES: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 14,224,754	100.00%	\$ 14,224,754
Regional High School	33,683,000	21.74%	7,321,525
County general obligation debt	378,784,521	1.89%	7,158,820
Subtotal, overlapping debt			28,705,099
School district direct debt			9,824,000
Total direct and overlapping debt			\$ 38,529,099

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 2018

	Equalized Valuation Basis
	2017 \$ 1,740,941,855
	2016 1,738,001,618
	2015 1,769,139,108
	\$ 5,248,082,581
Average equalized valuation of taxable property	\$ 1,749,360,860
Debt limit (3.0% of average equalization value) (a)	\$ 52,480,826
Total net debt applicable to limit	9,089,000
Legal debt margin	\$ 43,391,826

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 49,381,557	\$ 48,956,831	\$ 50,332,611	\$ 51,680,707	\$ 52,480,826
Total net debt applicable	11,734,718	11,209,718	10,539,000	9,824,000	9,089,000
Legal debt margin	\$ 37,646,839	\$ 37,747,113	\$ 39,793,611	\$ 41,856,707	\$ 43,391,826
Total net debt applicable to the limit as a percentage of debt limit	23.76%	22.90%	20.94%	19.01%	17.32%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 55,398,558	\$ 55,701,047	\$ 54,824,044	\$ 53,083,981	\$ 51,171,706
Total net debt applicable	14,369,838	13,322,000	12,479,000	11,885,000	11,095,000
Legal debt margin	\$ 41,028,720	\$ 42,379,047	\$ 42,345,044	\$ 41,198,981	\$ 40,076,706
Total net debt applicable to the limit as a percentage of debt limit	25.94%	23.92%	22.76%	22.39%	21.68%

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 N.J.S.A.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)
2009	8,579	\$ 612,206,019	\$ 71,361	6.30%
2010	8,720	649,291,200	74,460	6.40%
2011	8,761	676,410,527	77,207	6.20%
2012	8,776	702,316,952	80,027	6.40%
2013	8,794	711,153,192	80,868	6.80%
2014	8,785	735,190,295	83,687	4.40%
2015	8,773	771,111,608	87,896	3.90%
2016	8,750	779,318,750	89,065	3.60%
2017	8,711	N/A	N/A	3.60%
2018	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 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

2018

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

2009

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/program										
Instruction										
Regular	68.20	64.90	67.00	67.00	61.75	62.10	63.90	63.05	59.70	66.00
Special education	27.20	24.50	26.00	24.80	26.40	28.00	27.60	29.20	36.97	26.70
Support services										
Administration	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	4.92	7.00
Secretarial	8.00	8.40	8.40	8.40	8.30	8.20	8.50	8.50	8.50	7.50
Plant operations & maintenance	13.00	*	*	*	*	*	*	*	*	*
Other support services	10.50	13.00	16.50	16.00	16.00	17.20	15.30	16.85	14.00	20.40
Total	<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>	<u>124.09</u>	<u>127.60</u>

Source: District Personnel Records

* Privatized 7/1/2009

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	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%
2017	846.0	17,405,364	20,574	0.69%	96.7	1 to 8.75	832.9	795.3	1.38%	95.49%
2018	846.0	18,249,703	21,572	4.85%	92.8	1 to 9.12	850.7	813.6	2.14%	95.64%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	196.0	198.0	173.0	170.0	154.0	157.0	185.0	202.0	216.0	231.0
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	461.0	444.0	399.0	359.0	368.0	347.0	333.0	322.0	360.0	348.0
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	369.0	379.0	352.0	327.0	326.0	342.0	313.0	297.0	270.0	267.0
Number of Schools at June 30, 2018										
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 result of renovations and additions. Enrollment is based on the annual October district count.

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
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
2017	306,938	306,938
2018	302,186	302,186
Total school facilities	<u>\$ 2,511,286</u>	<u>\$ 2,511,286</u>

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

Source: District Records

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2018
(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		15,000
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	-
Group Aggregate	4,000,000	-
1st Party	1,000,000	-
3rd Party	2,000,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 7, 2019.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency as finding number 2018-001, 2018-002, and 2018-003.



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.


BKC, CPAs, PC

Michael Holk, CPA, PSA

February 7, 2019
Flemington, New Jersey



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
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 State Program

We have audited the Long Hill Township School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the 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 state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as finding number 2018-003 which we consider to be a significant deficiency.

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



BKC, CPAs, PC



Michael Holk, CPA, PSA

February 7, 2019
Flemington, New Jersey

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2018

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/17	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2018		
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
NCLB Title I A	84.367A	S367A160029	NCLB-4000-17	\$ 22,859	07/01/16	06/30/17	\$ (2,000)	\$ -	\$ 3,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
ESSA Title I A	84.367A	S367A170029	ESSA-4000-18	25,766	07/01/17	06/30/18	-	-	17,748	25,766	-	-	(8,018)	-	-
NCLB Title II A	84.367A	S367A160029	NCLB-4000-17	18,593	07/01/16	06/30/17	75	-	-	75	-	-	-	-	-
ESSA Title II A	84.367A	S367A170029	ESSA-4000-18	14,368	07/01/17	06/30/18	-	-	-	14,368	-	-	(14,368)	-	-
ESSA Title III A	84.365A	S365A170029	ESSA-4000-18	10,000	07/01/17	06/30/18	-	-	-	10,000	-	-	(10,000)	-	-
ESSA Title III Immigrant	84.365A	S365A160029	ESSA-4000-17	1,604	07/01/16	06/30/17	-	-	1,571	1,571	-	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A170029	ESSA-4000-18	1,384	07/01/17	06/30/18	-	-	-	1,384	-	-	(1,384)	-	-
ESSA Title IV	84.424	S424A170031	ESSA-4000-18	3,272	07/01/17	06/30/18	-	-	-	3,272	-	-	(3,272)	-	-
IDEA basic	84.027	H027A170100	IDEA-4000-18	193,725	07/01/17	06/30/18	-	-	193,725	193,725	-	-	-	-	-
IDEA preschool	84.173	H173S170114	IDEA-4000-18	11,269	07/01/17	06/30/18	-	-	11,077	11,077	-	-	-	-	-
Total special revenue fund							(1,925)	-	227,121	262,238	-	-	(37,042)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition center															
Special milk program for children	10.556	181NJ304N1099	N/A	\$ 6,497	10/01/17	09/30/18	-	-	5,989	6,497	-	-	(508)	-	-
Special milk program for children	10.556	171NJ304N1099	N/A	5,879	10/01/16	09/30/17	(478)	-	478	-	-	-	-	-	-
Total enterprise fund							(478)	-	6,467	6,497	-	-	(508)	-	-
Total federal financial assistance							\$ (2,403)	\$ -	\$ 233,588	\$ 268,735	\$ -	\$ -	\$ (37,550)	\$ -	\$ -

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, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjustment Repayment	Balance June 30, 2018			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	18-495-034-5120-089	\$551,765	07/01/17	06/30/18	\$ -	\$ -	\$ 502,765	\$ 551,765	\$ -	\$ -	\$ -	\$ -	\$ 49,000	\$ 551,765	
Security aid	18-495-034-5120-084	13,945	07/01/17	06/30/18	-	-	12,707	13,945	-	-	-	-	1,238	13,945	
Adjustment aid	18-495-034-5120-085	13,477	07/01/17	06/30/18	-	-	12,280	13,477	-	-	-	-	1,197	13,477	
Transportation aid	18-495-034-5120-014	62,144	07/01/17	06/30/18	-	-	56,625	62,144	-	-	-	-	5,519	62,144	
PARCC readiness aid	18-495-034-5120-098	8,150	07/01/17	06/30/18	-	-	7,426	8,150	-	-	-	-	724	8,150	
Per pupil growth aid	18-495-034-5120-097	8,150	07/01/17	06/30/18	-	-	7,426	8,150	-	-	-	-	724	8,150	
Professional learning community aid	18-495-034-5120-101	8,030	07/01/17	06/30/18	-	-	7,317	8,030	-	-	-	-	713	8,030	
Host district aid	18-495-034-5120-102	1,368	07/01/17	06/30/18	-	-	1,248	1,368	-	-	-	-	120	1,368	
Extraordinary aid	18-100-034-5120-044	189,382	07/01/17	06/30/18	-	-	-	189,382	-	(189,382)	-	-	-	189,382	
Extraordinary aid	17-100-034-5120-044	212,938	07/01/16	06/30/17	(212,938)	-	212,938	-	-	-	-	-	-	212,938	
Non-public transportation aid	18-495-034-5120-014	20,514	07/01/17	06/30/18	-	-	-	20,514	-	(20,514)	-	-	-	20,514	
Non-public transportation aid	17-495-034-5120-014	9,222	07/01/16	06/30/17	(9,222)	-	9,222	-	-	-	-	-	-	9,222	
Lead testing	18-495-034-5120-104	4,270	07/01/17	06/30/18	-	-	4,270	4,270	-	-	-	-	-	4,270	
Payment for institutionalized children- Unknown district of residence	17-495-034-5120-005	12,195	07/01/16	06/30/17	(12,195)	-	12,195	-	-	-	-	-	-	12,195	
On behalf TPAF pension contribution - Teachers' pension & annuity fund	18-495-034-5094-002	947,687	07/01/17	06/30/18	-	-	947,687	947,687	-	-	-	-	-	947,687	
On behalf TPAF pension contribution - Non-contributory insurance	18-495-034-5094-004	22,998	07/01/17	06/30/18	-	-	22,998	22,998	-	-	-	-	-	22,998	
On behalf TPAF pension contribution - Post retirement medical	18-495-034-5094-001	626,945	07/01/17	06/30/18	-	-	626,945	626,945	-	-	-	-	-	626,945	
On behalf TPAF pension contribution - Long-term disability insurance	18-495-034-5094-004	1,232	07/01/17	06/30/18	-	-	1,232	1,232	-	-	-	-	-	1,232	
Reimbursed TPAF social security contribution	17-495-034-5094-003	483,477	07/01/16	06/30/17	(24,165)	-	24,165	-	-	-	-	-	-	-	
Reimbursed TPAF social security contribution	18-495-034-5094-003	494,546	07/01/17	06/30/18	-	-	494,546	494,546	-	-	-	-	-	494,546	
Total general fund					(258,520)	-	2,963,992	2,974,603	-	(209,896)	-	-	59,235	3,208,958	
Special revenue fund															
Nonpublic textbook aid	18-100-034-5120-064	274	07/01/17	06/30/18	-	-	274	274	-	-	-	-	-	274	
Nonpublic nursing services	18-100-034-5120-070	485	07/01/17	06/30/18	-	-	485	485	-	-	-	-	-	485	
Nonpublic security aid	18-100-034-5120-509	375	07/01/17	06/30/18	-	-	375	370	-	-	-	5	-	370	
Nonpublic technology initiative	18-100-034-5120-073	185	07/01/17	06/30/18	-	-	185	185	-	-	-	-	-	185	
Total special revenue fund					-	-	1,319	1,314	-	-	-	5	-	1,314	

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, 2018

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017			Budgetary Expenditure	Adjust./ Repayment	Balance June 30, 2018			Memo		
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			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	06/30/17	\$ (344,240)	\$ -	\$ 344,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,240
Gillette Elementary School - HVAC upgrades	4000-030-14-1002	174,000	06/18/14	06/30/17	(174,000)	-	174,000	-	-	-	-	-	-	-	174,000
Millington Elementary School - HVAC upgrades	4000-030-14-1003	263,972	06/18/14	06/30/17	(263,972)	-	263,972	-	-	-	-	-	-	-	263,972
Millington Elementary School - partial Roof replacement	4000-030-14-1004	527,600	06/18/14	06/30/17	(527,600)	-	426,943	-	-	(100,657)	-	-	-	-	527,600
Total capital projects fund					<u>(1,309,812)</u>	<u>-</u>	<u>1,209,155</u>	<u>-</u>	<u>-</u>	<u>(100,657)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,309,812</u>
Total state financial assistance					<u>\$(1,568,332)</u>	<u>\$ -</u>	<u>\$4,174,466</u>	<u>2,975,917</u>	<u>\$ -</u>	<u>\$ (310,553)</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 59,235</u>	<u>\$ 59,235</u>	<u>\$4,520,084</u>
Less: On behalf TPAF pension system contributions								<u>(1,598,862)</u>							
Total for state financial assistance - major program determination								<u><u>\$1,377,055</u></u>							

See independent auditors' report.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Long Hill Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the milk 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 District's Basic Financial Statements.

Note 3 - Relationship of financial statements

The Basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 \$1,074 for the general fund and \$4,950 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2018

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 2,973,529	\$ 2,973,529
Special revenue fund	267,188	1,314	268,502
Food service fund	6,497	-	6,497
Total awards and financial assistance	\$ 273,685	\$ 2,974,843	\$ 3,248,528

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. 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, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

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 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<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 - Section I
For the Fiscal Year Ended June 30, 2018

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? ___ Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? X Yes ___ None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
<i>18-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>18-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>18-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>18-495-034-5120-085</i>	<i>Security Aid</i>
<i>18-495-034-5120-097</i>	<i>Adjustment Aid</i>
<i>18-495-034-5120-098</i>	<i>Per Pupil Growth Aid</i>
<i>18-495-034-5120-101</i>	<i>PARCC Readiness Aid</i>
	<i>Professional Learning Community Aid</i>
 <i>18-495-034-5094-003</i>	 <i>Reimbursed TPAF Social Security Contribution</i>
<i>18-100-034-5120-044</i>	<i>Extraordinary Aid</i>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2018-001

Criteria

Purchase orders should be reviewed for proper classification as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be canceled or liquidated.

Condition

Purchase orders were not reviewed for proper classification at June 30 and orders were not liquidated or canceled within the suggested time frame of 60 to 90 days of year-end.

Context

During our review of open purchase orders and accounts payable items, it was determined that purchase orders were not reviewed for proper classification at June 30 and orders were not liquidated or canceled within the suggested time frame of 60 to 90 days of year-end.

Cause

Unknown

Effect

The District had encumbrances and accounts payables that should have been canceled or liquidated.

Recommendation

Purchase orders should be reviewed for proper classification as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be canceled or liquidated.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

Finding 2018-002

Criteria

Receipts of checks and cash should be deposited promptly to the bank, recorded timely, and classified correctly.

Condition

The District did not appear to deposit items promptly, record items timely, or classify all deposits accurately.

Context

An examination of deposits during the period under review indicated discrepancies with respect to timeliness of deposits. Cash receipt accounting entries and their classification were not timely and sometimes were not accurate.

Cause

Unknown

Effect

Deposits did not appear to be deposited timely, accounting entries were not recorded timely, and their classifications were sometimes not accurate.

Recommendation

Procedures should be implemented to ensure receipts of checks and cash are deposited promptly to the bank, recorded timely, and classified correctly.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018

Finding 2018-003

Criteria

Federal awards and state financial assistance must record the budget for all federal and state awards and financial assistance in to the accounting system.

Condition

Federal awards and state financial assistance were not recorded for the budget for all federal and state awards and financial assistance in to the accounting system for all line items.

Context

During our analysis, we determine federal awards and state financial assistance budgeted amounts were not recorded in the accounting system.

Cause

Unknown

Effect

Awarded grants could have been potentially unspent and various line items appear to be over-expended if the budget is not correctly recorded in the accounting system.

Recommendation

The District record budgeted federal awards and state financial assistance I the accounting system for all line items.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 2018-003

Criteria

Federal awards and state financial assistance must record the budget for all federal and state awards and financial assistance in to the accounting system.

Condition

Federal awards and state financial assistance were not recorded for the budget for all federal and state awards and financial assistance in to the accounting system for all line items.

Context

During our analysis, we determine federal awards and state financial assistance budgeted amounts were not recorded in the accounting system.

Cause

Unknown

**LONG HILL TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2018**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs (continued)
Finding 2018-003 (continued)

Effect

Awarded grants could have been potentially unspent and various line items appear to be over-expended if the budget is not correctly recorded in the accounting system.

Recommendation

The District record budgeted federal awards and state financial assistance I the accounting system for all line items.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**LONG HILL TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which is repeated in this year's recommendations noted as current year finding "2018-001" and "2018-002".