

BOARD OF EDUCATION
LONG HILL TOWNSHIP SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS, FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

LONG HILL TOWNSHIP SCHOOL DISTRICT

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Federal Identification Number 22-6002196



Certified Public Accountants, PC

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Independent Auditors' Report

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 auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Long Hill Township School District in the County of Morris for the year ended June 30, 2018, and have issued our report thereon dated February 7, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying Table of Contents.

This report is intended for the information of the Long Hill Township School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "BKC, CPAs, PC".

BKC, CPAs, PC

A handwritten signature in black ink that reads "MH".

Michael Holk, CPA, PSA

February 7, 2019
Flemington, New Jersey

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Reconciler of Accounts, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Property insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School District or Charter School or Renaissance School Project CAFR. Adequacy of insurance coverage is the responsibility of the Board of Education.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32,18A:13-13)

Surety bond coverage in force during the period was:

<u>Name of Employee</u>	<u>Position</u>	<u>Amount</u>
Joseph Bellino	Secretary/Business Administrator	\$ 250,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the payroll agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

We suggest the business office monitors the payroll agency activity and trial balance continuously to ensure that the records and processes for the payroll agency fund be maintained and performed in a complete and accurate manner.

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Employee Position Control Roster

A review of the Position Control Roster found no material inconsistencies between the payroll records, employee benefit records (e.g., pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered.

Finding 2018-001

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.

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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

An examination of classification of expenditures during the period under review did not indicate any material discrepancies with respect to proper classification.

Board Secretary's Records

Finding 2018-002

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 accurate.

Recommendation

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Treasurer or Reconciler of Accounts' Records

Our review of the records of the Reconciler of Accounts did not disclose any exceptions.

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

Finding 2018-004

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.

Recommendation

Federal awards and state financial assistance should be budgeted and recorded accurately.

TPAF Reimbursement

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

No reimbursement is due to the state to reimburse for the TPAF/FICA payments made by the state on-behalf of the District. The District had no employees with applicable salaries identified as being paid from federal funds.

Nonpublic State Aid

Our review of the records of the Nonpublic State Aid did not disclose any exceptions.

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States:

- “A. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by Resolution of the Board of Education without public advertising for bids and bidding therefor, except that the Board of Education may adopt a Resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent possesses a qualified purchasing agent certificate pursuant to Subsection B. of Section 9 of P.L.1971, c.198 (C.40A:11-9) the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.”
- “B. Commencing in the fifth year after the year in which P.L.1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in Subsection A. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.”

N.J.S.A. 18A-4 States:

“Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by Resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.”

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is \$19,000 for 2017-18.

In accordance with N.J.S.A. 18A:18A-3A and N.J.A.C. 5:34-5 et seq. the Board of Education has appointed a “Qualified Purchasing Agent” which allows the Board of Education to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

Our examination of the minutes indicated that contracts were awarded for the following:

Technology services	Building maintenance	Health care insurance
Consulting services	HVAC repairs	Occupational therapy services
Transportation	Substitute calling services	Specialists services

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

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

Our examination indicated the following purchases were made using state contracts:

Technology equipment & supplies	Teaching supplies
Office supplies	

Purchases were also made through cooperative agreements for the following:

Natural gas	Teaching supplies	Paper supplies
Electric generation	Copier supplies	Transportation
Internet access	Maintenance supplies	Technology services
Telephone service	Insurance	Technology equipment & supplies
HVAC repairs		

Finding 2018-003

Political contribution disclosure forms and business registration certificates were not obtained for all contracts in excess of \$17,500 that were not awarded pursuant to a fair and open process.

Recommendation

The District should obtain political contribution disclosure forms and business registration certificates for all contracts in excess of \$17,500 that are not awarded pursuant to a "fair and open" process (N.J.S.A. 19:44A-20.7).

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an unemployment compensation insurance trust fund.

School Milk Service

The financial transactions and statistical records of the special milk fund were reviewed. The financial accounts, milk count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were separately recorded as milk and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of milk and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school milk service.

Net cash resources did not exceed three months average expenditures.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Student Body Activities

Finding 2018-002

An examination of deposits during the period under review indicated discrepancies with respect to timeliness of deposits.

Recommendation

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

Application for State School Aid

Our audit procedures included a test of the information reported in the October 13, 2017 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District procedures related to its completion. The information on the ASSA was compared to the District workpapers. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained work papers on the prescribed state forms or their equivalent.

The District's written procedures appear to be adequate for the recording of student enrollment data.

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2017-18 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the Schools Development Authority (SDA) grant agreements for consistency with recording revenue, transfer of local funds from the general fund or from the capital reserve account and awarding of contracts for eligible facilities construction. We also performed a review of capital assets related to their existence. No exceptions were noted.

A continuing effort should be made to collect the outstanding receivable balance for the Schools Development Authority Grant.

Testing for Lead of All Drinking Water in Educational Facilities

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The School District did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Miscellaneous

We suggest the District take measures to ensure all vendors and individuals are issued a Form 1099 when applicable.

Follow-up on 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", "2018-002", and "2018-003".

LONG HILL TOWNSHIP SCHOOL DISTRICT
Application for State School Aid Summary
Schedule of Audited Enrollments - Enrollment as of October 13, 2017

	2018 - 2019 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on ASSA as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half day preschool age 3	3	-	3	-	-	-	2	-	2	-	-	-	-	-	-	-
Full day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half day preschool age 4	15	-	15	-	-	-	7	-	7	-	-	-	-	-	-	-
Full day preschool age 4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half day kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full day kindergarten	98	-	97	-	1	-	24	-	24	-	-	-	-	-	-	-
One	75	-	76	-	(1)	-	28	-	28	-	-	-	-	-	-	-
Two	76	-	76	-	-	-	28	-	28	-	-	-	-	-	-	-
Three	82	-	82	-	-	-	22	-	22	-	-	-	-	-	-	-
Four	69	-	70	-	(1)	-	18	-	18	-	-	-	-	-	-	-
Five	65	-	65	-	-	-	16	-	16	-	-	-	-	-	-	-
Six	87	-	88	-	(1)	-	22	-	22	-	-	-	-	-	-	-
Seven	61	-	62	-	(1)	-	15	-	15	-	-	-	-	-	-	-
Eight	77	-	76	-	1	-	19	-	19	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post - graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>708</u>	<u>-</u>	<u>710</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>201</u>	<u>-</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special education - elementary	97	-	96	-	1	-	23	-	23	-	-	-	2	2	2	-
Special education - middle	46	-	43	-	3	-	12	-	12	-	-	-	2	2	2	-
Special education - high school	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>143</u>	<u>-</u>	<u>139</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
County vocational - regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County vocational - f/t post sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>851</u>	<u>-</u>	<u>849</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>236</u>	<u>-</u>	<u>236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>

Percentage error 0.24% 0.00% 0.00% 0.00% 0.00%

LONG HILL TOWNSHIP SCHOOL DISTRICT
Application for State School Aid Summary (continued)
Schedule of Audited Enrollments - Enrollment as of October 13, 2017

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application & Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score & Register	Sample Errors
Half day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 3	-	-	-	-	-	-	-	-	-	-	-	-
Half day preschool age 4	-	-	-	-	-	-	-	-	-	-	-	-
Full day preschool age 4	-	-	-	-	-	-	-	-	-	-	-	-
Half day kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full day kindergarten	4	4	-	4	4	-	2	2	-	-	-	-
One	1	1	-	1	1	-	1	1	-	-	-	-
Two	4	4	-	4	4	-	3	3	-	-	-	-
Three	5	5	-	5	5	-	1	1	-	-	-	-
Four	1	1	-	1	1	-	-	-	-	-	-	-
Five	5	5	-	5	5	-	-	-	-	-	-	-
Six	2	2	-	2	2	-	-	-	-	-	-	-
Seven	1	1	-	1	1	-	-	-	-	-	-	-
Eight	2	2	-	2	2	-	-	-	-	-	-	-
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post - graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (15+CR)	-	-	-	-	-	-	-	-	-	-	-	-
Adult HS (1-14CR)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>25</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>25</u>	<u>-</u>	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special education - elementary	7	7	-	7	7	-	-	4	4	4	4	-
Special education - middle	2	2	-	2	2	-	-	-	-	-	-	-
Special education - high school	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	<u>9</u>	<u>9</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
County vocational - regular	-	-	-	-	-	-	-	-	-	-	-	-
County vocational - f/t post sec.	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>34</u>	<u>34</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>-</u>	<u>7</u>	<u>11</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Percentage			<u>0.00%</u>			<u>0.00%</u>			<u>#DIV/0!</u>			<u>0.00%</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Application for State School Aid Summary (continued)
Schedule of Audited Enrollments - Enrollment as of October 13, 2017

	<u>Resident LEP Not Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on ASSA as Not Low Income</u>	<u>Reported on Workpapers as Not Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application & Register</u>	<u>Sample Errors</u>
Full day k	7	7	-	7	8	(1)
One	6	6	-	6	6	-
Two	-	-	-	-	-	-
Three	1	1	-	1	1	-
Four	2	2	-	2	2	-
Five	2	2	-	2	1	1
Six	1	1	-	1	1	-
Seven	1	1	-	1	1	-
Eight	1	1	-	1	1	-
Special education - elementary	-	-	-	-	-	-
Special education - middle	-	4	(4)	4	4	-
	<u>21</u>	<u>25</u>	<u>(4)</u>	<u>25</u>	<u>25</u>	<u>-</u>
Percentage			<u>-19.05%</u>			<u>0.00%</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Application for State School Aid Summary (continued)
Schedule of Audited Enrollments - Enrollment as of October 13, 2017

	Transportation					
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Sample Errors
Regular & special education without special needs in-district						
Public	366	366	-	182	170	12
Vocational	-	-	-	-	-	-
Aid-in-lieu charter school	7	7	-	4	4	-
Non-public	2	2	-	1	1	-
Aid-in-lieu non-public	70	70	-	35	34	1
Special education public	12	12	-	6	6	-
Private school disabled	-	-	-	-	-	-
Special education with special needs & out of district special education without special needs						
Public with special needs	2	2	-	1	1	-
Private school disabled with special needs	1	1	-	-	-	-
Out of district public without special needs	-	-	-	-	-	-
Out of district private school disabled without special needs	3	3	-	2	2	-
	<u>463</u>	<u>463</u>	<u>-</u>	<u>231</u>	<u>218</u>	<u>13</u>
Percentage			<u>0.00%</u>			<u>5.63%</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
Excess Surplus Calculation

SECTION 1

2% Calculation of Excess Surplus

2017-18 Total general fund expenditures per the CAFR, Exhibit C-1	\$ 18,069,814	(B)	
Increased by:			
Transfer from capital outlay to capital projects fund	-	(B1b)	
Transfer from capital reserve to capital projects fund	-	(B1c)	
Transfer from capital reserve to debt service fund	-	(B1d)	
Decreased by:			
On-behalf TPAF pension & social security	2,093,408	(B2a)	
Assets acquired under capital leases	-	(B2b)	
	<u> </u>		
Adjusted 2017-2018 general fund expenditures [(B)+(B1s)-(B2s)]	<u>\$ 15,976,406</u>	(B3)	
2% of adjusted 2017-2018 general fund expenditures [(B3) Times .02]	\$ 319,521	(B4)	
Enter greater of (B4) or \$250,000	319,521	(B5)	
Increased by: allowable adjustment	<u>209,896</u>	(K)	
Maximum unreserved/undesignated fund balance [(B5)+(K)]			<u><u>\$ 529,417</u></u> (M)

SECTION 2

Total general fund-fund balances @ June 30, 2018 (Per CAFR budgetary comparison schedule C-1)	\$ 3,480,472	(C)	
Decreased by:			
Year - end encumbrances	97,506	(C1)	
Legally restricted - designated for subsequent year's expenditures	-	(C2)	
Legally restricted - excess surplus - designated for subsequent year's Expenditures	283,232	(C3)	
Other restricted fund balances	2,293,013	(C4)	
Assigned fund balance - designated for subsequent year's expenditures	<u> </u>	(C5)	
Total unreserved/undesignated Fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]			<u><u>\$ 806,721</u></u> (U)

LONG HILL TOWNSHIP SCHOOL DISTRICT
Excess Surplus Calculation (continued)

SECTION 3

Restricted fund balance - excess surplus [(U)-(M)] if negative enter -0- \$ 277,304 (E)

Recapitulation of excess surplus as of June 30, 2018

Restricted excess surplus - designated for subsequent year's expenditures \$ 283,232 (C3)
 Restricted excess surplus 277,304 (E)

Total [(C3) + (E)] \$ 560,536 (D)

Detail of Allowable Adjustments

Impact aid	\$	-	(H)
Sale and lease back		-	(I)
Extraordinary aid		189,382	(J1)
Homeless tuition aid		-	
Additional nonpublic transportation aid		<u>20,514</u>	(J2)
 Total adjustments	 \$	 <u>209,896</u>	 (K)

Detail of Other Restricted Fund Balance

Approved unspent separate proposal	\$	-	
Unspent capital outlay SGLA		-	
Sale/Lease - back reserve		-	
Capital reserve		1,993,013	
Maintenance reserve		300,000	
Emergency reserve			
Other reserves		-	
Other state/government mandated reserve		<u>-</u>	
 Total other restricted fund balance	 \$	 <u>2,293,013</u>	 (C4)

BKC, CPAs, PC

BKC, CPAs, PC

MU

Michael Holk, CPA, PSA

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

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Acknowledgment

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements, and this report of such conditions does not modify our report dated February 7, 2019.

Should any questions arise as to our comments, please do not hesitate to call us.

We desire to express our appreciation for the assistance and courtesies rendered by the school officials and employees during the course of the examination.

BKC, CPAs, PC

BKC, CPAs, PC

MU

Michael Holk, CPA, PSA

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2018-001 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.

2018-002 Receipts of checks and cash should be deposited promptly to the bank, recorded timely, and classified accurately.

2018-003 The District should obtain political contribution disclosure forms and business registrations certificate for all contracts in excess of \$17,500 that are not awarded pursuant to a “fair and open” process (N.J.S.A. 19:44A-20.7).

2018-004 Federal awards and state financial assistance should be budgeted and recorded accurately.

3. School Purchasing Programs

None

4. School Milk Service

None

5. Student Body Activities

2018-002 Receipts of checks and cash should be deposited promptly to the bank, recorded timely, and classified accurately.

6. Application for State School Aid

None

7. Pupil Transportation

None

LONG HILL TOWNSHIP SCHOOL DISTRICT
June 30, 2018

Recommendations (continued):

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

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", "2018-002", and "2018-003".