

**SCHOOL DISTRICT
OF THE
TOWNSHIP OF LONG HILL**

**Long Hill Township Board of Education
Gillette, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**Comprehensive Annual
Financial Report**

of the

**LONG HILL TOWNSHIP SCHOOL DISTRICT
Gillette, New Jersey**

For the Fiscal Year Ended June 30, 2019

**Prepared by:
Long Hill Township School District
Board of Education**

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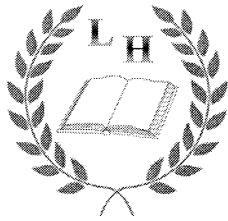
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INTRODUCTORY SECTION



LONG HILL TOWNSHIP SCHOOL DISTRICT

759 Valley Road
Gillette, N.J. 07933
908-647-1200

Ms. Julie Anne Kot
Business Administrator/Board Secretary

Phone: (908) 647-1200 ext. 1035
Fax: (908) 647-7818

November 8, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Long Hill Township School District (the "District") for the fiscal year ended June 30, 2019, 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 (the "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 basic financial statements and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Long Hill Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Long Hill Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for classified students with special needs. The District completed the 2018-2019 fiscal year with an enrollment of 856 students, which is an increase of 10 students or 1.18% from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

Long Hill Township is a mature suburban community within Morris County. In recent years, the District has been experiencing increasing enrollment, with 890 students enrolled at the start of the 2019-2020 school year – an increase of 34 students over the close of the 2018-2019 school year. This trend is likely to continue and may surge over the next 5 years due to proposed Payment In Lieu of Taxes (“PILOT”) programs, which would result in the construction of additional rental housing units and an influx of new students to the community.

A PILOT agreement is an agreement between a municipal entity and a developer and is used as a tax incentive for the developer to develop land. The PILOT agreement comes with a long-life span and, rather than being assessed taxes on the property being developed, PILOT revenue is paid directly to the municipality. With no taxes being levied on those properties, no new taxes will flow through to the School District.

The result will be an increased demand upon school resources, classrooms, teachers, administrators, transportation, etc., without an associated increase in financial resources. The Long Hill Township Board of Education seeks to actively collaborate with the Township Committee to identify ways to diminish the expected financial burden of PILOT programs upon the School District.

The Long Hill Board of Education continues to be fiscally responsible when developing its budget. The Board is cognizant of the impact the school tax levy has upon taxpayers and seeks to strike a balance between maintaining its high-quality educational services and its fiscal accountability to the community

3) MAJOR INITIATIVES:

The 2018-19 school year was a busy one for the Long Hill Township School District. The district completed and submitted the Bronze certification application for the Future Ready School New Jersey (FRSNJ) 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 FRSNJ Committee worked diligently in providing evidence to meet many indicators in the areas of curriculum, instruction and assessment, personalized professional learning, budget and resources, community partnerships, data and privacy, robust infrastructure, and use of space and time. While the district is still awaiting determination through the FRSNJ approval process, the district last year instituted greater technology training with staff on the Google platforms which included the Google Classroom and Apps for Education at various individualized levels of proficiency with staff. This facilitated greater two-way communication between students and staff. Additionally, as a result of FRSNJ training, administrators turn-keyed the SAMR model of instruction which provides greater rigor in all content areas in the delivery of instruction to further engage our students. During the 2018-19 school year, the district was audited by the NJDOE through the New Jersey Single Quality Single Accountability Continuum (NJQSAC). The district ensured compliance in Instruction and Program, Fiscal, Governance, Operations, and Personnel. On July 3, 2019, the New Jersey State Board of Education recognized the Long Hill Township School District as an exemplary school district due to its findings during the NJQSAC audit. The 2018-19 school year also culminated a comprehensive three year training program for all math and special education teachers with a renowned math coach to further engage our students in mathematics pedagogy. The district continues to increase the rigor in its instructional programming through curricular revisions and professional learning opportunities. 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 Immigrant and IV funds. These funds support our at-risk students and continues to fund training and materials for the district's literacy intervention program, Leveled Literacy Intervention.

The district continues focusing on areas such as implementation of data informed strategies to improve instruction, replacement of computers and Chromebooks as needed and purchasing touch screen Chromebooks for primary students. The district also continues to strengthen the bonds within our regional 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 an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2019.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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 New Jersey, where the funds are secured in accordance with the Act.

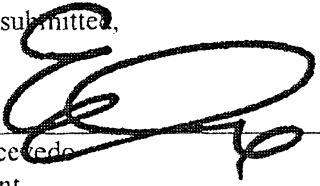
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental. Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's statistical section.

9) OTHER INFORMATION:

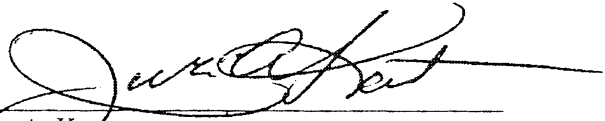
Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information 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.

10) ACKNOWLEDGMENTS: 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 the financial and accounting staff.

Respectfully submitted,



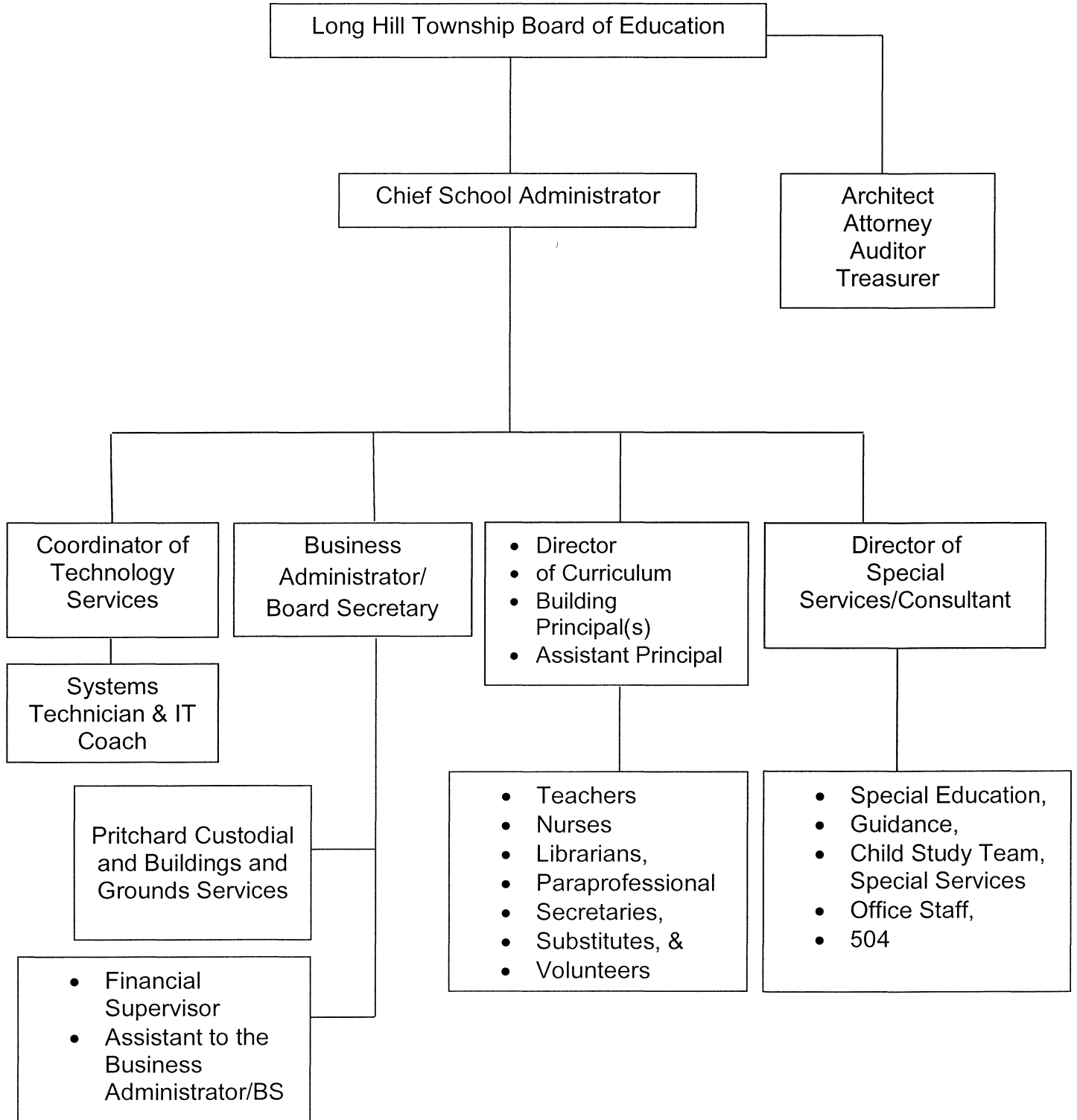
Dr. Edwin Acevedo
Superintendent



Julie A. Kot
Business Administrator/Board Secretary

LONG HILL TOWNSHIP SCHOOL DISTRICT
Gillette, New Jersey

ORGANIZATIONAL CHART



**LONG HILL TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marta Moakley, President	2021
Jordana Raban, Vice President	2020
Melissa Ruvolo	2021
Katie McLennan	2021
David Carn	2020
Kim Case	2020
Matthew DiGiorgio	2019
Karen Ann Nyquist	2019
Thomas O'Leary	2019

<u>Other Officials</u>	<u>Title</u>
Edwin Acevedo	Superintendent of Schools
Julie A. Kot	Board Secretary/School Business Administrator (From 2/1/19 to 6/30/19)
Joseph Bellino	Board Secretary/School Business Administrator (From 7/1/18 to 1/31/19)

LONG HILL TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
YEAR ENDED JUNE 30, 2019

AUDIT FIRM

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(Special Education Counsel)

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PNC Bank
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Stirling, NJ 07980

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District, in the County of Morris, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the district as of June 30, 2018 were audited by other auditors whose report dated February 7, 2019 express an unmodified opinion on those statements

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 available required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey's OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Long Hill Township School District
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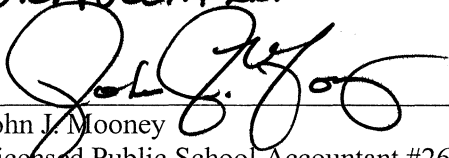
The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Mount Arlington, New Jersey
November 8, 2019

NISIVOCCIA LLP
NISIVOCCIA LLP


John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**LONG HILL TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)**

This section of the Long Hill Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food service.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- The *Notes to the Basic Financial Statements* provide additional information to full understanding of *District-wide* and *fund financial statements*.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of the Long Hill Township School District's Financial Report**

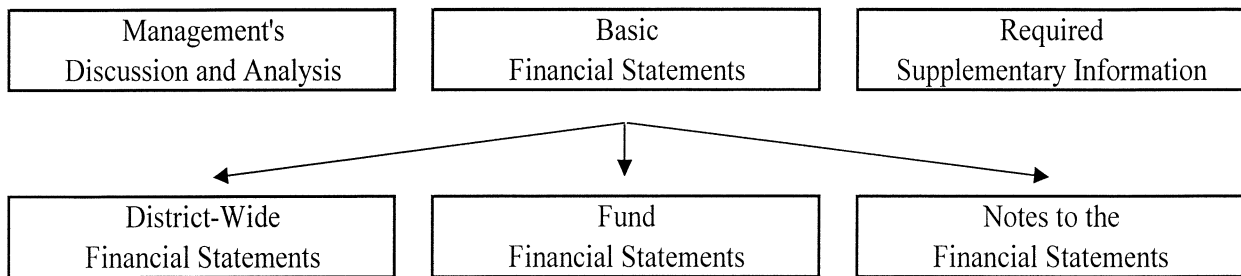


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private business: milk service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's milk service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: The notes provide basic information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. Those notes to the basic financial statements can be found immediately following the Fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased by 4.59%. Net position from governmental activities decreased \$663,731 while net position from business-type activities increased \$3,985. Net investment in capital assets, decreased \$1,217, restricted net position decreased by \$101,544 and unrestricted net position decreased \$659,985.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total
	2018/2019	2017/2018*	2018/2019	2017/2018	2018/2019	2017/2018*	Percentage Change 2018/2019
Current and							
Other Assets	\$ 3,283,312	\$ 3,925,476	\$ 21,529	\$ 17,544	\$ 3,304,841	\$ 3,943,020	
Capital Assets, Net	23,288,257	24,049,474			23,288,257	24,049,474	
Total Assets	<u>26,571,569</u>	<u>27,974,950</u>	<u>21,529</u>	<u>17,544</u>	<u>26,593,098</u>	<u>27,992,494</u>	-5.00%
Deferred Outflows of Resources	<u>841,256</u>	<u>946,719</u>			<u>841,256</u>	<u>946,719</u>	-11.14%
Long-Term Liabilities	11,945,182	13,259,533			11,945,182	13,259,533	
Other Liabilities	589,033	360,488			589,033	360,488	
Total Liabilities	<u>12,534,215</u>	<u>13,620,021</u>			<u>12,534,215</u>	<u>13,620,021</u>	-7.97%
Deferred Inflows of Resources	<u>1,185,224</u>	<u>944,531</u>			<u>1,185,224</u>	<u>944,531</u>	100.00%
Net Position:							
Net Investment in Capital Assets	14,959,257	14,960,474			14,959,257	14,960,474	
Restricted	2,493,408	2,594,952			2,493,408	2,594,952	
Unrestricted/(Deficit)	<u>(3,759,279)</u>	<u>(3,198,309)</u>	<u>21,529</u>	<u>17,544</u>	<u>(3,737,750)</u>	<u>(3,180,765)</u>	
Total Net Position	<u>\$ 13,693,386</u>	<u>\$ 14,357,117</u>	<u>\$ 21,529</u>	<u>\$ 17,544</u>	<u>\$ 13,714,915</u>	<u>\$ 14,374,661</u>	-4.59%

* - Restated

Changes in Net Position. The District's combined net position was \$13,714,915 on June 30, 2019, \$654,385 or 4.59% less than it was the year before (See Figure A-3). Net investment in capital assets decreased by \$1,217 due to the payment of bond principal and depreciation, offset by capital asset additions. Restricted net position decreased by \$101,544 as a result of a decrease in excess surplus, and an increase in the capital reserve account. Unrestricted net position decreased by \$556,985 as a result of normal operations, changes in net pension liability and changes in compensated absences payable (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019
Revenue:							
Program Revenue:							
Charges for Services	\$ 197,611	\$ 200,200	\$ 7,780	\$ 9,845	\$ 205,391	\$ 210,045	
Grants and Contributions:							
Operating	5,074,129	268,502	4,160	6,497	5,078,289	274,999	
General Revenue:							
Property Taxes	16,346,660	16,043,307			16,346,660	16,043,307	
Federal and State Aid Not Restricted	2,606	7,958,315			2,606	7,958,315	
Other	66,015	181,542	176	22	66,191	181,564	
Total Revenue	21,687,021	24,651,866	12,116	16,364	21,699,137	24,668,230	-12.04%
Expenses:							
Instruction	12,651,534	13,075,252			12,651,534	13,075,252	
Pupil and Instruction Services	3,869,358	5,637,482			3,869,358	5,637,482	
Administrative and Business	2,146,043	2,599,465			2,146,043	2,599,465	
Maintenance and Operations	2,079,997	1,738,866			2,079,997	1,738,866	
Transportation	1,114,226	967,197			1,114,226	967,197	
Other	484,233	496,375	8,131	10,785	492,364	507,160	
Total Expenses	22,345,391	24,514,637	8,131	10,785	22,353,522	24,525,422	-8.86%
Increase/(Decrease) in Net Position	\$ (658,370)	\$ 137,229	\$ 3,985	\$ 5,579	\$ (654,385)	\$ 142,808	558.23%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District has decreased by \$659,746. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled students and increases in District health benefits costs places a great demand on the District’s resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

Because state aid has remained relatively flat over the past few years, the burden of funding education in the District has fallen on property taxes. Therefore, it is crucial that the District examine its expenditures carefully, since any proposed increase to the school district budget will be funded entirely through property taxes.

Figure A-5 presents the cost of six major District activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018/2019	2017/2018	2018/2019	2017/2018
Instruction	\$ 12,651,534	\$ 13,075,252	\$ 7,662,445	\$ 12,896,855
Student and Instruction Services	3,869,358	5,637,482	3,782,056	5,416,827
Administrative and Business	2,146,043	2,599,465	1,910,763	2,599,465
Maintenance and Operations	2,079,997	1,738,866	2,079,260	1,713,166
Transportation	1,114,226	967,197	1,054,237	923,247
Other	484,233	496,375	584,890	496,375
	<u>\$ 22,345,391</u>	<u>\$ 24,514,637</u>	<u>\$ 17,073,651</u>	<u>\$ 24,045,935</u>

Business-Type Activities

Net position from the District’s business-type activities, milk service, increased due to normal operations. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

The District’s General Fund financial status decreased because of difficult economic times which have had a direct impact upon the District’s revenue sources. Interest from investments remained favorable as compared to years past.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

The District's financial position is sound despite reductions in State aid which has had a direct impact upon the District's revenues and has directly increased pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year. Accordingly, the District has taken measures to reduce expenses and plans to not be dependent on excess fund balance going forward.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items were in school-based needs for programs, textbooks, and teachers’ salaries, increased utilities costs and legal and other professional services.

Capital Asset and Long Term Liabilities

Figure A-6
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2018/2019	2017/2018*	2018/2019	2017/2018	2018/2019	2017/2018*	2018/2019
Land	\$ 8,567,700	\$ 8,567,700			\$ 8,567,700	\$ 8,567,700	
Land Improvements	46,872	49,937			46,872	49,937	
Buildings and Building Improvements	14,384,760	15,084,022			14,384,760	15,084,022	
Machinery and Equipment	288,925	342,454			288,925	342,454	
Total Capital Assets, Net of Depreciation	<u>\$ 23,288,257</u>	<u>\$ 24,044,113</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 23,288,257</u>	<u>\$ 24,044,113</u>	<u>-3.14%</u>

* - Restated

The District's overall capital assets decreased due to normal depreciation amounts offset by additions. (More detailed information about the District's capital assets is presented in Note 7 to the financial statements.)

Long-term Liabilities

At year-end, the District had \$8,329,000 in general obligation bonds – a reduction of \$760,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2018/2019	2017/2018	2018/2019
General Obligation Bonds, (Financed with Property Taxes)	\$ 8,329,000	\$ 9,089,000	
Net Pension Liability	2,871,741	3,237,616	
Other Long-Term Liabilities	744,441	932,917	
	<u>\$ 11,945,182</u>	<u>\$ 13,259,533</u>	<u>-9.91%</u>

- The District continued to pay down its debt, retiring \$760,000 of outstanding bonds.
- Net Pension Liability decreased by \$365,875.
- The District's other long-term liabilities decreased mainly due to a decrease in compensated absence liability.

Factors Bearing on the District's Future Revenue/Expense Changes

The Long Hill Township Board of Education and the administration have had discussions on how existing circumstances could affect the future financial health of the School District. The following are examples of factors that may have an impact upon future financial operations:

- A major concern of the District is the ability to maintain optimum class sizes and excellent services in the face of continued student enrollment growth.
- On-going maintenance and unpredictable repairs to building HVAC systems will soon necessitate a comprehensive solution in the face of depleting capital reserves.
- Payment in Lieu of Taxes (PILOT) programs being considered by the Township could bring a significant increase in enrollment over the next 5 years. The rising enrollment will not be accompanied by additional tax revenue which is relied upon to support the escalating burden on the School District's limited resources.

The District is proud and grateful for the community support it receives and is committed to striking a fair balance between the local taxpayer and the educational necessities of its students. The Long Hill Township Board of Education has committed itself to sound financial practices and plans to continue to improve its fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 759 Valley Road Gillette, NJ 07933

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,122,018	\$ 17,369	\$ 1,139,387
Internal Balances	(3,351)	3,351	
Interfund Receivable	5,950		5,950
Receivables from Other Governments	198,453	809	199,262
Receivables - Other	4,140		4,140
Restricted Assets:			
Capital Reserve - Cash and Cash Equivalents	1,656,052		1,656,052
Maintenance Reserve - Cash and Cash Equivalents	300,050		300,050
Capital Assets:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	14,720,557		14,720,557
Total Assets	<u>26,571,569</u>	<u>21,529</u>	<u>26,593,098</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	841,256		841,256
Total Deferred Outflows of Resources	<u>841,256</u>		<u>841,256</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	145,721		145,721
Payable to State Government	12,487		12,487
Noncurrent Liabilities:			
Due Within One Year	791,426		791,426
Due Beyond one Year	11,153,756		11,153,756
Total Liabilities	<u>12,534,215</u>		<u>12,534,215</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	1,185,224		1,185,224
Total Deferred Outflows of Resources	<u>1,185,224</u>		<u>1,185,224</u>
NET POSITION			
Net Investment in Capital Assets	14,959,257		14,959,257
Restricted for:			
Capital Projects	1,656,052		1,656,052
Debt Service	2		2
Maintenance Reserve Account	300,050		300,050
Unrestricted/(Deficit)	(3,759,279)	21,529	(3,737,750)
Total Net Position	<u>\$ 13,693,386</u>	<u>\$ 21,529</u>	<u>\$ 13,714,915</u>

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 9,267,572	\$ 197,611	\$ 2,900,478	\$ (6,169,483)		\$ (6,169,483)
Special Education	2,752,521		1,713,926	(1,038,595)		(1,038,595)
Other Special Instruction	525,691		95,787	(429,904)		(429,904)
Other Instruction	105,750		81,287	(24,463)		(24,463)
Support Services:						
Tuition	230,733			(230,733)		(230,733)
Student & Instruction Related Services	3,638,625		87,302	(3,551,323)		(3,551,323)
General Administrative Services	541,273		11,366	(529,907)		(529,907)
School Administrative Services	979,863		203,971	(775,892)		(775,892)
Central Services	409,843		13,015	(396,828)		(396,828)
Administration Information Technology	215,064		6,928	(208,136)		(208,136)
Plant Operations and Maintenance	2,079,997		737	(2,079,260)		(2,079,260)
Pupil Transportation	1,114,226		59,989	(1,054,237)		(1,054,237)
Transfer to Charter Schools	124,809			(124,809)		(124,809)
Interest on Long-Term Debt	326,243			(326,243)		(326,243)
Capital Outlay	33,181		(100,657)	(133,838)		(133,838)
Total Governmental Activities	22,345,391	197,611	5,074,129	(17,073,651)		(17,073,651)

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Milk Service	\$ 8,131	\$ 7,780	\$ 4,160		\$ 3,809	\$ 3,809
Total Business-Type Activities	8,131	7,780	4,160		3,809	3,809
Total Primary Government	\$ 22,353,522	\$ 205,391	\$ 5,078,289	\$ (17,073,651)	3,809	(17,069,842)

General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				15,241,522		15,241,522
Taxes Levied for Debt Service				1,105,138		1,105,138
Federal and State Aid not Restricted				2,606		2,606
Interest and Unrestricted Miscellaneous Revenue				66,015	176	66,191
Total General Revenues				16,415,281	176	16,415,457
Change in Net Position				(658,370)	3,985	(654,385)
Net Position - Beginning (Restated)				14,351,756	17,544	14,369,300
Net Position - Ending				\$ 13,693,386	\$ 21,529	\$ 13,714,915

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

FUND FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,111,401	\$ 10,615	\$ 2	\$ 1,122,018
Interfund Receivables	5,950			5,950
Receivables from State Government	166,016			166,016
Receivables from Federal Government		32,437		32,437
Other Accounts Receivable		4,140		4,140
Restricted Cash and Cash Equivalents	1,956,102			1,956,102
Total Assets	<u>\$ 3,239,469</u>	<u>\$ 47,192</u>	<u>\$ 2</u>	<u>\$ 3,286,663</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 203,845	\$ 887		\$ 204,732
Interfund Payable	3,351			3,351
Payable to State Government		12,487		12,487
Unearned Revenue	50,175	33,818		83,993
Total Liabilities	<u>257,371</u>	<u>47,192</u>		<u>304,563</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,656,052			1,656,052
Maintenance Reserve Account	300,050			300,050
Excess Surplus	260,000			260,000
Excess Surplus - Designated for Subsequent Year's Expenditures	277,304			277,304
Debt Service			\$ 2	2

LONG HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Fund Balances (Cont'd):				
Assigned:				
Year-End Encumbrances	\$ 73,899			\$ 73,899
Unassigned:				
General Fund	414,793			414,793
Total Fund Balances	2,982,098		2	2,982,100
Total Liabilities and Fund Balances	\$ 3,239,469	\$ 47,192	\$ 2	

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds.	23,288,258
Interest on Long-Term Debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(145,721)
Bond issuance Premiums are reported as revenue in the governmental funds in the year the bonds are sold.	(61,047)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds	(2,871,741)
Certain amounts related to the Net Pension Liability and Deferred and Amortized in the Statement of Actives are not reported in the Governmental Funds:	
Deferred Outflows - Pensions	699,156
Deferred Inflows - Pensions	(2,349,471)
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 8)	(9,012,394)
Net Position of Governmental Activities	\$ 12,529,140

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

REVENUES	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 15,241,522			\$ 1,105,138	\$ 16,346,660
Transportation Fees from Individuals	19,230				19,230
Tuition	165,475				165,475
Rents and Royalties	32,136				32,136
Interest Earned on Maintenance Reserve Funds	50				50
Interest on Capital Reserve Funds	450				450
Unrestricted Miscellaneous	65,515	\$ 39,884			105,399
Total - Local Sources	15,524,378	39,884		1,105,138	16,669,400
State Sources	3,296,861	19,681	\$ (100,657)		3,215,885
Federal Sources	2,606	256,184			258,790
Total Revenues	18,823,845	315,749	(100,657)	1,105,138	20,144,075
EXPENDITURES					
Current:					
Regular Instruction	4,741,234	295,715			5,036,949
Special Education Instruction	1,388,967	20,034			1,409,001
Other Special Instruction	246,212				246,212
Other Instruction	67,069				67,069
Support Services and Undistributed Costs:					
Tuition	230,733				230,733
Student & Instruction Related Services	2,664,402				2,664,402
General Administrative Services	411,430				411,430
School Administrative Services	560,654				560,654
Central Services	275,843				275,843

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Support Services and Undistributed Costs: (Cont'd)					\$ 143,705
Administration Information Technology	\$ 143,705				
Plant Operations and Maintenance	1,873,268				1,873,268
Pupil Transportation	944,837				944,837
Allocated and Unallocated Benefits	5,162,958				5,162,958
Debt Service:					
Principal				\$ 760,000	760,000
Interest and Other Charges				345,136	345,136
Capital Outlay	628,145				628,145
Transfer of Funds to Charter Schools	124,809				124,809
Total Expenditures	19,464,266	\$ 315,749		1,105,136	20,885,151
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(640,421)	-0-	\$ (100,657)	2	(741,076)
OTHER FINANCING SOURCES/(USES)					
Transfers In/(Out)	201,282		(201,282)		
Total Other Financing Sources/(Uses)	201,282	-0-	(201,282)	-0-	-0-
Net Change in Fund Balances	(439,139)		(301,939)	2	(741,076)
Fund Balance—July 1	3,421,237	-0-	301,939	-0-	3,723,176
Fund Balance—June 30	\$ 2,982,098	\$ -0-	\$ -0-	\$ 2	\$ 2,982,100

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

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (741,076)

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 expense. This is the amount by which depreciation and net capital adjustments differ from capital outlays in the period. (9,621,177)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 760,000

The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 6,426

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 12,467

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	365,875
Change in Deferred Outflows	(247,563)
Change in Deferred Inflows	(1,404,940)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+).

Change in Net Position of Governmental Activities (A-2) 182,050

\$ (10,687,938)

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 17,369
Accounts Receivable:	
Interfund	3,351
Federal	809
	21,529
Total Current Assets	21,529
Total Assets	21,529
 NET POSITION:	
Unrestricted	21,529
Total Net Position	\$ 21,529

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities - Enterprise Fund</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
Special Milk Program	\$ 7,780
Total Operating Revenue	<u>7,780</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	<u>8,131</u>
Total Operating Expenses	<u>8,131</u>
Operating (Loss)	<u>(351)</u>
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	4,160
Local Sources:	
Interest Revenue	<u>176</u>
Total Non-Operating Revenue	<u>4,336</u>
Change in Net Position	3,985
Net Position - Beginning of Year	<u>17,544</u>
Net Position - End of Year	<u><u>\$ 21,529</u></u>

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 7,780
Payments to Suppliers	<u>(8,131)</u>
Net Cash (Used for) Operating Activities	<u>(351)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>176</u>
Net Cash Provided by Investing Activities	<u>176</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	<u>3,868</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,868</u>
Net Increase in Cash and Cash Equivalents	3,693
Cash and Cash Equivalents, July 1	<u>13,676</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 17,369</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (351)
Net Cash (Used for) Operating Activities	<u><u>\$ (351)</u></u>

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

	Agency	Unemployment Compensation Trust
ASSETS:		
Cash and Cash Equivalents	\$ 201,468	\$ 93,275
Interfund Receivable		80,436
	201,468	173,711
LIABILITIES:		
Interfund Payable - General Fund	5,950	
Interfund Payable - Unemployment	80,436	
Payroll Deductions and Withholdings	53,392	
Due to Student Groups	61,690	
	201,468	
NET POSITION:		
Held in Trust for Unemployment Claims		173,711
	\$ -0-	\$ 173,711

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Interest	\$ 889
Total Contributions	<u>889</u>
Total Additions	<u>889</u>
DEDUCTIONS:	
Unemployment Benefit Claims	<u>25,239</u>
Total Deductions	<u>25,239</u>
Change in Net Position	(24,350)
Net Position - Beginning of the Year	<u>198,061</u>
Net Position - End of the Year	<u><u>\$ 173,711</u></u>

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

The District reports the following proprietary fund:

Enterprise (Milk Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The 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.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Flexible Spending Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

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 budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote of the Board of Education. 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/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,830,855	\$ 317,216
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		(1,467)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	59,235	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(66,245)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 18,823,845	\$ 315,749
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,464,266	\$ 317,216
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.		(1,467)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,464,266	\$ 315,749

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et 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 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 savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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 revenue 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	40 years
Building Improvements	20 years
Machinery and Equipment	10 to 15 years

In the fund financial statements, Capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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 issuances are reported as other financing uses.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2019.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. 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 District's agreements with the various employee unions.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,982,098 General Fund fund balance at June 30, 2019, \$1,656,052 is restricted in the capital reserve account; \$300,050 is restricted in the maintenance reserve account; \$260,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$277,304 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$73,899 is assigned for encumbrances; and \$414,793 is unassigned which is \$66,245 less than the calculated maximum unassigned fund balance, on a Budgetary Basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2020 on a GAAP basis.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2019 of \$2 is restricted for subsequent year's expenditures.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2019 is \$0.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

P. Fund Balance Appropriated:(Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted 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 restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted on the prior page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$66,245 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$3,759,279 in governmental activities, which is primarily due to compensated absences payable and net pension liability and related deferred liabilities and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position: (Cont'd)

The District had deferred inflows of resources at June 30, 2019 related to pensions. Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a maintenance reserve, a capital reserve and Debt Service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2019.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances in the General Fund at June 30, 2019.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for the milk service program. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Fund.

U. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest and tuition.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted Cash and Cash Equivalents</u>		Total
		<u>Capital Reserve Account</u>	<u>Maintenance Reserve Account</u>	
Checking Accounts	<u>\$ 1,434,130</u>	<u>\$ 1,656,052</u>	<u>\$ 300,050</u>	<u>\$ 3,390,232</u>
	<u>\$ 1,434,130</u>	<u>\$ 1,656,052</u>	<u>\$ 300,050</u>	<u>\$ 3,390,232</u>

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$3,390,232 and the bank balance was \$4,306,184.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution 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). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. 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 N.J.A.C. 6A:23A-14.1(g) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 1,993,013
Interest Earnings	450
Transfer from Capital Projects Fund - Unexpended Project Balance	201,282
Transfer by Board Resolution	85,307
Budgeted Withdrawal	(624,000)
Ending Balance, June 30, 2019	\$ 1,656,052

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's LRFP. Withdrawals from the Capital Reserve Account were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, there were transfers into facilities acquisition and construction services which required county superintendent approval.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Long Hill Township School District. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	300,000
Interest Earnings		50
Ending Balance, June 30, 2019	\$	300,050

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 8,567,700			\$ 8,567,700
Total Capital Assets Not Being Depreciated	8,567,700			8,567,700
Capital Assets Being Depreciated:				
Site Improvement	61,300			61,300
Buildings and Building Improvements	34,608,857	\$ 556,924		35,165,781
Machinery and Equipment	688,157	38,040		726,197
Total Capital Assets Being Depreciated	35,358,314	594,964		35,953,278
Governmental Activities Capital Assets	43,926,014	594,964		44,520,978
Less Accumulated Depreciation for:				
Site Improvement	(11,363)	(3,065)		(14,428)
Buildings and Building Improvements	(19,524,835)	(1,256,186)		(20,781,021)
Machinery and Equipment	(345,703)	(91,569)		(437,272)
	(19,881,901)	(1,350,820)		(21,232,721)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 24,044,113	\$ (755,856)	\$ -0-	\$ 23,288,257

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 3,906		\$ (3,906)	
Less Accumulated Depreciation	(3,906)		3,906	
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

As of June 30, 2019, the District did not have active capital construction projects in process.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 508,157
Special Education	148,867
Other Instruction	58,306
Student and Instructional Support Services	285,565
General Administrative	44,096
School Administrative	60,090
Central Services	29,564
Admin Info Tech	15,402
Plant Operations and Maintenance	<u>200,773</u>
	<u>\$ 1,350,820</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2018</u>	<u>Accrued</u>	<u>Adjustment/ Retired</u>	<u>Balance 6/30/2019</u>
Serial Bonds Payable	\$ 9,089,000		\$ 760,000	\$ 8,329,000
Compensated Absences Payable	865,444		182,050	683,394
Net Pension Liability	3,237,616		365,875	2,871,741
Bond Issuance Premium	67,473		6,426	61,047
	<u>\$ 5,460,533</u>	<u>\$ -0-</u>	<u>\$ 1,314,351</u>	<u>\$ 11,945,182</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Premium:

The Unamortized bond issuance premium of the governmental fund types is recorded in the non-current liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$6,426 and the long-term portion is \$54,621.

B. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. Bonds payable will be liquidated through the Debt Service Fund.

The District had bonds outstanding as of June 30, 2019 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Refunding Bonds of 2012	1/15/2029	4.00%	\$ 7,455,000
School Bonds of 2014	1/15/2024	2.00% - 2.50%	874,000
			<u>\$ 8,329,000</u>

The current portion of bonds payable at June 30, 2019 is \$315,000.

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 785,000	\$ 317,938	\$ 1,102,938
2021	815,000	289,838	1,104,838
2022	850,000	260,638	1,110,638
2023	880,000	229,700	1,109,700
2024	909,000	197,200	1,106,200
2025-2029	4,090,000	503,200	4,593,200
	<u>\$ 8,329,000</u>	<u>\$ 1,798,513</u>	<u>\$ 10,127,513</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2019, the Board had no bonds authorized but not issued.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term portion of compensated absences is \$683,394. There is no current portion of the compensated absences liability at June 30, 2019. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2019 is \$-0- and the long-term portion is \$2,871,741. See Note 9 for further information on the PERS.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey.

A. Public Employees' Retirement System (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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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 ten years of service, except for medical benefits, which vest

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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 PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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 is being paid by the employer in level annual payments over a period of 15 years, which began 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. District contributions to PERS amounted to \$145,644 for fiscal year 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District's liability was \$2,871,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0145851379%, which was a decrease of 0.0139082413% from its proportion measured as of June 30, 2017.

For the fiscal year ended December 31, 2019, the District recognized pension expense of \$145,644. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 22,730	
	2015	5.72	102,590	
	2016	5.57	347,895	
	2017	5.48		\$ (529,385)
	2018	5.48		(388,845)
			<u>473,215</u>	<u>(918,230)</u>
Changes in Proportion	2014	6.44	12,939	
	2015	5.72		(15,909)
	2016	5.57	32,680	
	2017	5.48		(209,340)
	2018	5.48	125,557	
			<u>171,176</u>	<u>(225,249)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		
	2015	5.00		17,353
	2016	5.00		97,012
	2017	5.00		(87,315)
	2018	5.00		(53,987)
				<u>(26,937)</u>
Difference Between Expected and Actual Experience	2015	5.72	28,463	
	2016	5.57	10,558	
	2017	5.48	15,744	
	2018	5.48		(14,808)
			<u>54,765</u>	<u>(14,808)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	142,100	
			<u>\$ 841,256</u>	<u>\$(1,185,224)</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 19,933
2020	(27,596)
2021	(197,881)
2022	(171,526)
2023	(54,925)
	\$ (431,995)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 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 Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2017 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (CONT'D)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. 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' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (CONT'D)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

	June 30, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 3,610,883	\$ 2,871,741	\$ 2,251,648

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' 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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. 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 members. 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 included 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 year 2018, 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 nonemployer 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, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2019, the State of New Jersey contributed \$1,293,028 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,386,644

The employee contribution rate was 7.50% effective July 1, 2018

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$40,939,751. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0643526151%, which was a decrease of 0.0463310776% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	40,939,751
Total	<u>\$ 40,939,751</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$2,386,644 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the sources on the following page.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	<u>(3,210,092,402)</u>
	<u>\$ (3,706,774,773)</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience 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 pension plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. 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 target asset allocation as of June 30, 2018 are summarized in the following table:

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the pension 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 pension 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 48,390,009	\$ 40,939,751	\$ 34,763,670

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Plan Description and Benefits Provided (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	<u>362,181</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer 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.

Actuarial Assumptions and Other Inputs

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%
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LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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 rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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 BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Changes in the State's Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 32,085,439
Changes for Year:	
Service Cost	1,048,075
Interest on the Total OPEB Liability	1,173,806
Changes of Assumptions	(3,100,045)
Differences between Expected and Actual Experience	(3,495,423)
Gross Benefit Payments by the State	(722,357)
Contributions from Members	24,966
Net Changes	(5,070,978)
Balance at June 30, 2018	\$ 27,014,461

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 37,304,218	\$ 27,014,461	\$ 26,762,267

The information on the following page shows the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 22,216,783	\$ 27,014,461	\$ 33,385,721

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$1,048,143 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (3,281,362)
Changes in Proportion	2018	9.51		(2,774,067)
			\$ -0-	(6,055,429)
Differences Between Expected and Actual Experience	2018	9.51		(2,622,209)
Changes in Proportion	N/A	N/A		(151,090)
			-0-	(8,828,728)
			\$ -0-	\$ (14,884,158)

N/A - Not Available

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (CONT'D)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (1,069,321)
2020	(1,069,321)
2021	(1,069,321)
2022	(1,069,321)
2023	(1,069,321)
Thereafter	(3,331,031)
	\$ (8,677,638)

NOTE 11. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability and surety bonds. 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. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey 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 table on the following page is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years.

Fiscal Year Ending June 30,	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2019	\$ 889		\$ 25,239	\$ 173,711
2018	207	\$ 14,441	6,901	198,061
2017	67	14,504	17,195	190,314

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability

The District is a member of the Morris Essex Insurance Group (“MEIG”). This public entity risk management pool provided workers’ compensation, employer’s liability and blanket coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The MEIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the MEIG are elected.

As a member of the MEIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the MEIG were to be exhausted, members would become responsible for their respective shares of the MEIG’s liabilities. The MEIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The June 30, 2019 audit report of the MEIG was not available as of the date of this report. Selected financial information for MEIG as of June 30, 2018 is as follows:

	<u>Morris Essex Insurance Group</u>
Total Assets	\$ 10,451,281
Net Position	\$ 7,796,837
Total Revenue	\$ 3,830,220
Total Expenses	\$ 2,486,421
Change in Net Position	\$ 1,343,799
Net Assets Distribution to Participating Members	\$ 1,049,987

Property, Liability and Health Benefits

Financial statements for MEIG are available at the MEIG’s Executive Director’s Office:

Morris Essex Insurance Group
44 Bergen Street
Westwood, NJ 07675
Phone: (201) 664-0310
Fax: (201) 664-0107

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,950	\$ 3,351
Proprietary Fund	3,351	
Fiduciary Fund		5,950
	<u>\$ 9,301</u>	<u>\$ 9,301</u>

The interfund between the General Fund and the Payroll Agency Fund represents the unallocated balance in the Net Payroll Account as of June 30, 2019. The interfund between General Fund the Proprietary Fund represents unreimbursed meal balances as of June, 30, 2019.

NOTE 14. 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:

- AXA Equitable
- Variable Annuity Life Insurance Company (VALIC)

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The Board is periodically involved in claims or lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these cases would have a material adverse effect on the District's financial position.

Grant Programs:

The District participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances:

The following encumbrance balances existed as of June 30, 2019:

	Governmental Funds		
	General	Special	Total
	Fund	Revenue Fund	Governmental Funds
Encumbrances	\$ 73,899	\$ 30,172	\$ 104,071

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$30,172 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2019:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund		
Vendors	\$ 203,845	\$ 887		\$ 204,732
State of New Jersey			\$ 142,100	142,100
	\$ 203,845	\$ 887	\$ 142,100	\$ 346,832

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements and Fund Financial Statements to adjust capital assets to agree with the District's Capital Asset records as per an updated capital asset appraisal report issued since the prior audit.

	<u>Balance</u> <u>June 30, 2018</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u> <u>as</u> <u>Restated</u>
Statement of Net Position:			
Governmental Activities:			
ASSETS			
Capital Assets:			
Deprecial Buildings and Building			
Improvements and Machinery and Equipment	\$ 32,909,435	\$ (8,865,322)	\$ 24,044,113
Total Assets	36,834,911	(8,865,322)	27,969,589
Net Position:			
Net Investment in Capital Assets	23,820,435	(8,865,322)	14,955,113
Total Net Position - Governmental Activities	23,217,078	(8,865,322)	14,351,756

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION
(UNAUDITED)

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0153385750%	0.0150636512%	0.0154202164%	0.0139082413%	0.0145851379%
District's proportionate share of the net pension liability	\$ 2,871,801	\$ 3,381,488	\$ 4,567,026	\$ 3,237,616	\$ 2,871,741
District's covered employee payroll	\$ 968,092	\$ 1,038,723	\$ 992,699	\$ 959,527	\$ 978,520
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	296.65%	325.54%	460.06%	337.42%	293.48%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 126,449	\$ 129,507	\$ 136,991	\$ 128,845	\$ 145,075
Contributions in relation to the contractually required contribution	(126,449)	(129,507)	(136,991)	(128,845)	(145,075)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Districts covered employee payroll	\$ 1,066,266	\$ 968,092	\$ 1,038,723	\$ 992,699	\$ 959,527
Contributions as a percentage of covered employee payroll	11.86%	13.38%	13.19%	12.98%	15.12%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT - TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0669638876%	0.0626910940%	0.0673556169%	0.0675625112%	0.0643526151%
State's proportionate share of the net pension liability attributable to the District	\$ 35,790,018	\$ 39,623,449	\$ 52,986,217	\$ 45,553,081	\$ 40,939,751
District's covered employee payroll	\$ 6,724,784	\$ 6,604,240	\$ 6,793,820	\$ 6,984,419	\$ 7,040,489
State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll	532.21%	599.97%	779.92%	652.21%	581.49%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 1,925,839	\$ 2,419,368	\$ 3,981,177	\$ 3,155,687	\$ 2,386,644.00
Contributions in relation to the contractually required contribution	<u>(613,712)</u>	<u>(904,010)</u>	<u>(1,201,443)</u>	<u>(1,681,149)</u>	<u>(1,293,028)</u>
Contribution deficiency/(excess)	<u>\$ 1,312,127</u>	<u>\$ 1,515,358</u>	<u>\$ 2,779,734</u>	<u>\$ 1,474,538</u>	<u>\$ 1,093,616</u>
District's covered employee payroll	\$ 6,724,784	\$ 6,604,240	\$ 6,793,820	\$ 6,984,419	\$ 7,040,489
Contributions as a percentage of covered employee payroll	28.64%	36.63%	58.60%	45.18%	33.90%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEAR
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 1,264,188	\$ 1,048,075
Interest Cost	1,014,047	1,173,806
Differences between Expected and Actual Experience		(3,495,423)
Changes in Assumptions	(4,148,799)	(3,100,045)
Member Contributions	27,365	24,966
Gross Benefit Payments	(743,167)	(722,357)
	(2,586,366)	(5,070,978)
Net Change in Total OPEB Liability		
Total OPEB Liability - Beginning	34,671,805	32,085,439
Total OPEB Liability - Ending	\$ 32,085,439	\$ 27,014,461
District's Covered Employee Payroll *	\$ 7,786,519	\$ 7,943,946
Total OPEB Liability as a Percentage of Covered Employee Payroll	412%	340%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 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. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 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 3 years for males and set forward one year for females).

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 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 Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

B.TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The morality rates utilized in the July 1, 2016 valuation were as follows: Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The morality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

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 MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Health 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight 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 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven 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.

BUDGETARY COMPARISON SCHEDULES

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,241,522		\$ 15,241,522	\$ 15,241,522	
Transportation Fees from Individuals	32,000		32,000	19,230	\$ (12,770)
Rents and Royalties				32,136	32,136
Tuition from Other LEAs Within the State				90,000	90,000
Tuition from Individuals	100,000		100,000	75,475	(24,525)
Interest Earned on Maintenance Reserve Funds	50		50	50	
Interest Earned on Capital Reserve Funds	450		450	450	
Unrestricted Miscellaneous	36,000		36,000	65,515	29,515
Total - Local Sources	15,410,022		15,410,022	15,524,378	114,356
State Sources:					
Special Education Categorical Aid	551,765		551,765	551,765	
Categorical Security Aid	13,945		13,945	13,945	
Categorical Transportation Aid	171,428		171,428	171,428	
Extraordinary Aid				120,480	120,480
Extraordinary Aid - Additional Prior Year				736	736
Nonpublic School Transportation Costs				19,788	19,788
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,293,028	1,293,028
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				27,066	27,066
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				598,793	598,793
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,471	1,471
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				505,371	505,371
Total State Sources	737,138		737,138	3,303,871	2,566,733
Federal Sources:					
FEMA Disaster Relief				2,606	2,606
Total Federal Sources				2,606	2,606
TOTAL REVENUES	16,147,160		16,147,160	18,830,855	2,683,695

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 355,369	\$ 36,789	\$ 392,158	\$ 392,158	
Grades 1-5 - Salaries of Teachers	2,085,156	56,982	2,142,138	2,142,138	
Grades 6-8 - Salaries of Teachers	1,672,247	5,309	1,677,556	1,673,475	\$ 4,081
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000	4,200	9,200	8,200	1,000
Purchased Professional - Educational Services	140,766	14,323	155,089	153,161	1,928
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	77,335	4,152	81,487	75,140	6,347
General Supplies	292,761	(38,116)	254,645	254,477	168
Textbooks	50,310	(7,825)	42,485	42,485	
Total Regular Programs - Instruction	4,678,944	75,814	4,754,758	4,741,234	13,524
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	119,752	(59,340)	60,412	60,354	58
General Supplies	5,000	64	5,064	5,061	3
Total Learning and/or Language Disabilities	124,752	(59,276)	65,476	65,415	61
Resource Room/Resource Center:					
Salaries of Teachers	1,180,666	(6,000)	1,174,666	1,170,294	4,372
General Supplies	9,102	6,141	15,243	15,243	
Total Resource Room/Resource Center	1,189,768	141	1,189,909	1,185,537	4,372
Preschool Disabilities - Part-time:					
Salaries of Teachers	117,934	12,484	130,418	130,418	
General Supplies	7,500	(787)	6,713	6,608	105
Total Preschool Disabilities - Part-time	125,434	11,697	137,131	137,026	105

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Home Instruction:					
Salaries of Teachers	\$ 5,000	\$ (3,500)	\$ 1,500	\$ 989	\$ 511
Total Home Instruction	5,000	(3,500)	1,500	989	511
Total Special Education Instruction	1,444,954	(50,938)	1,394,016	1,388,967	5,049
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	178,399	(28,110)	150,289	147,847	2,442
General Supplies	900	(235)	665	665	
Total Basic Skills/Remedial - Instruction	179,299	(28,345)	150,954	148,512	2,442
Bilingual Education - Instruction:					
Salaries of Teachers	92,753	3,200	95,953	95,621	332
General Supplies	1,500	579	2,079	2,079	
Total Bilingual Education - Instruction	94,253	3,779	98,032	97,700	332
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	4,000	24,857	28,857	28,857	
Purchased Services (300-500 series)	3,800	(3,800)			
Supplies and Materials	1,925	(1,487)	438	438	
Total School-Sponsored Cocurricular Activities - Instruction	9,725	19,570	29,295	29,295	

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 13,724	\$	13,724	\$ 13,724	
Purchased Services (300-500 series)	6,028		6,028	6,028	
Supplies and Materials	7,612		7,612	7,580	\$ 32
Other Objects	27,000	(16,558)	10,442	10,442	
Total School-Sponsored Cocurricular Activities - Instruction	27,000	10,806	37,806	37,774	32
Total Instruction	6,434,175	30,686	6,464,861	6,443,482	21,379
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	136,854	266	137,120	85,142	51,978
Tuition to Private Schools for the Disabled - Within the State	231,946	(37,046)	194,900	145,591	49,309
Total Undistributed Expenditures - Instruction:	368,800	(36,780)	332,020	230,733	101,287
Health Services:					
Salaries	238,020	14,081	252,101	252,101	
Purchased Professional and Technical Services	3,000	(2,644)	356	356	
Supplies and Materials	6,000	(2,517)	3,483	3,483	
Total Health Services	247,020	8,920	255,940	255,940	
Speech, OT, PT, and Related Services:					
Salaries	412,281	(21,000)	391,281	390,713	568
Purchased Professional - Educational Services	54,000	(18,563)	35,437	35,437	
Supplies and Materials	3,500	(1,415)	2,085	2,085	
Total Speech, OT, PT, and Related Services	469,781	(40,978)	428,803	428,235	568

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 771,111	\$ 90,000	\$ 861,111	\$ 853,820	\$ 7,291
Purchased Professional - Educational Services	98,400	34,138	132,538	132,538	
Supplies and Materials	7,000	1,036	8,036	8,036	
Total Other Support Services - Students - Extraordinary Services	876,511	125,174	1,001,685	994,394	7,291
Guidance:					
Salaries of Other Professional Staff	198,293	1,300	199,593	198,971	622
Other Purchased Prof. and Tech. Services	38,840	(21,606)	17,234	17,234	
Other Purchased Services (400-500 Series)	1,000	(65)	935	935	
Supplies and Materials	4,840	(2,330)	2,510	2,510	
Total Guidance	242,973	(22,701)	220,272	219,650	622
Child Study Teams:					
Salaries of Other Professional Staff	331,332	(13,500)	317,832	317,160	672
Salaries of Secretarial and Clerical Assistants	87,111	600	87,711	86,774	937
Purchased Professional - Educational Services	74,000	23,463	97,463	97,463	
Miscellaneous Purchased Services (400-500 series)	4,720	(2,639)	2,081	2,081	
Supplies and Materials	9,500	(388)	9,112	8,764	348
Total Child Study Teams	506,663	7,536	514,199	512,242	1,957
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	60,796	(2,000)	58,796	58,263	533
Salaries of Secretarial and Clerical Assistants	31,554	(31,554)			
Salaries of Other Professional Staff	10,000	(10,000)			
Other Purchased Services (400-500 series)	1,000	(1,000)			
Total Improvement of Instructional Services	103,350	(44,554)	58,796	58,263	533

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 256,896	\$ (95,300)	\$ 161,596	\$ 161,535	\$ 61
Purchased Professional and Technical Services	3,000	(2,000)	1,000	1,000	
Other Purchased Services (400-500 series)	500	(500)			
Supplies and Materials	16,500	(1,901)	14,599	14,511	88
Total Educational Media Services/School Library	276,896	(99,701)	177,195	177,046	149
Instructional Staff Training Services:					
Purchased Professional - Educational Services	1,000	(750)	250	250	
Other Purchased Services (400-500 series)	13,000	6,601	19,601	18,382	1,219
Supplies and Materials	1,000	(1,000)			
Total Instructional Staff Training Services	15,000	4,851	19,851	18,632	1,219
Support Services - General Administration:					
Salaries	235,865		235,865	235,639	226
Legal Services	40,000	44,201	84,201	77,938	6,263
Audit Fees	25,000	32,000	57,000	34,000	23,000
Communications/Telephone	60,000	(37,574)	22,426	18,805	3,621
BOE Other Purchased Services	6,500	(265)	6,235	5,580	655
Miscellaneous Purchased Services (400-500 series)		29,805	29,805	29,805	
General Supplies	3,500	1,283	4,783	4,394	389
Miscellaneous Expenditures	500	4,925	5,425	5,269	156
Total Support Services - General Administration	371,365	74,375	445,740	411,430	34,310

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 306,163	\$ 4,562	\$ 310,725	\$ 310,725	
Salaries of Secretarial and Clerical Assistants	184,268	56,685	240,953	240,953	
Other Purchased Services (400-500 series)	7,000	(4,121)	2,879	2,879	
Supplies and Materials	5,200	(471)	4,729	4,729	
Other Objects	2,500	(1,132)	1,368	1,368	
Total Support Services - School Administration	505,131	55,523	560,654	560,654	
Central Services:					
Salaries	262,527	7,313	269,840	269,840	
Purchased Technical Services		4,591	4,591	4,591	
Supplies and Materials	5,159	(4,893)	266	266	
Miscellaneous Expenditures		1,146	1,146	1,146	
Total Central Services	267,686	8,157	275,843	275,843	
Administration Information Technology:					
Salaries	92,250	51,380	143,630	143,630	
Other Purchased Services (400-500 series)		175	175	75	\$ 100
Total Administration Information Technology	92,250	51,555	143,805	143,705	100
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	139,756	172,577	312,333	299,148	13,185
Miscellaneous Purchased Services	2,400	4,082	6,482	6,482	
General Supplies	116,473	(49,281)	67,192	60,852	6,340
Total Required Maintenance of School Facilities	258,629	127,378	386,007	366,482	19,525

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 882,500	\$ 19,565	\$ 19,565	\$ 15,289	\$ 4,276
Purchased Professional and Technical Services		(845,127)	37,373	37,373	
Cleaning, Repair and Maintenance Services	14,000	952,446	966,446	966,446	
Other Purchased Property Services	10,194	10,174	20,368	20,368	
Insurance	92,000	11,861	103,861	103,861	
Miscellaneous Purchased Services	14,000	3,467	17,467	12,807	4,660
General Supplies	15,000	15,888	30,888	30,888	
Energy (Electricity)	325,000	9,285	334,285	319,754	14,531
Total Custodial Services	1,352,694	177,559	1,530,253	1,506,786	23,467
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	335,000	110,723	445,723	434,706	11,017
Other Than Between Home and School	8,000	(7,920)	80	80	
Other Purchased Professional and Technical Services		4,425	4,425	4,425	
Contracted Services:					
Aid in Lieu - Nonpublic Schools	46,000	21,000	67,000	67,000	
Special Education Students - ESC's & CTSA's	475,000	(32,183)	442,817	438,373	4,444
Miscellaneous Purchased Services - Transportation	10,000	(9,747)	253	253	
Total Student Transportation Services	874,000	86,298	960,298	944,837	15,461

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 180,000	\$ 22,698	\$ 202,698	\$ 191,814	\$ 10,884
Other Retirement Contributions - PERS	140,000	5,644	145,644	145,644	
Unused Sick Payment to Terminated/Retired Staff		18,060	18,060	18,060	
Workmen's Compensation	90,000	(19,767)	70,233	70,233	
Health Benefits	2,497,599	(346,698)	2,150,901	2,196,157	(45,256)
Tuition Reimbursement	35,000	(655)	34,345	34,345	
Other Employee Benefits	85,000	8,702	93,702	80,976	12,726
Total Unallocated Benefits	3,027,599	(312,016)	2,715,583	2,737,229	(21,646)
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,293,028	(1,293,028)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				27,066	(27,066)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				598,793	(598,793)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				1,471	(1,471)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				505,371	(505,371)
Total On-Behalf Contributions				2,425,729	(2,425,729)
Total Personal Services - Employee Benefits	3,027,599	(312,016)	2,715,583	5,162,958	(2,447,375)
Total Undistributed Expenses	9,856,348	170,596	10,026,944	12,267,830	(2,240,886)
	16,290,523	201,282	16,491,805	18,711,312	(2,219,507)

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 6-8	\$ 78,885	\$ (7,413)	\$ 71,472	\$ 71,472	
Total Equipment	78,885	(7,413)	71,472	71,472	
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	144,000	(55,720)	88,280	36,000	\$ 52,280
Other Purchased Professional and Tech Services		2,040	2,040	2,040	
Construction Services	480,000	61,093	541,093	485,452	55,641
Other Objects - Assessment for Debt Service on SDA Funding	33,181		33,181	33,181	
Total Facilities Acquisition and Construction Services	657,181	7,413	664,594	556,673	107,921
TOTAL CAPITAL OUTLAY	736,066		736,066.00	628,145	107,921
Transfer of Funds to Charter Schools	124,809		124,809	124,809	
TOTAL EXPENDITURES	17,151,398	201,282	17,352,680	19,464,266	(2,111,586)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,004,238)	(201,282)	(1,205,520)	(633,411)	572,109
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):				201,282	201,282
Capital Projects Fund - Unexpended Balance				201,282	201,282
Total Other Financing Sources/(Uses):				201,282	201,282

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,004,238)	\$ (201,282)	\$ (1,205,520)	\$ (432,129)	\$ 773,391
Fund Balance, July 1	3,480,472		3,480,472	3,480,472	
Fund Balance, June 30	<u>\$ 2,476,234</u>	<u>\$ (201,282)</u>	<u>\$ 2,274,952</u>	<u>\$ 3,048,343</u>	<u>\$ 773,391</u>

Recapitulation:

Restricted:

Excess Surplus	\$ 260,000
Excess Surplus - Designated for Subsequent Year's Expenditures	277,304
Capital Reserve	1,656,052
Maintenance Reserve	300,050
Assigned:	
Year-End Encumbrances	73,899
Unassigned	481,038
	<u>3,048,343</u>
	<u>(66,245)</u>
	<u>\$ 2,982,098</u>

Reconciliation to Governmental Fund Statement (GAAP):

June State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 259,559	\$ 11,025	\$ 270,584	\$ 257,651	\$ (12,933)
State Sources	1,319	26,602	27,921	19,681	(8,240)
Local Sources		39,884	39,884	39,884	
Total Revenues	260,878	77,511	338,389	317,216	(21,173)
EXPENDITURES:					
Instruction					
Salaries of Teachers	10,000	6,989	16,989	12,989	4,000
Tuition	209,425	11,153	220,578	220,578	
Other Purchased Services		14,423	14,423	10,690	3,733
General Supplies	40,134	3,946	44,080	39,292	4,788
Textbooks	1,319	10,362	11,681	7,783	3,898
Total Instruction	260,878	46,873	307,751	291,332	16,419
Support Services					
Salaries of Other Professional Staff		12,450	12,450	8,350	4,100
Personal Services - Employee Benefits		1,299	1,299	887	412
Purchased Professional - Educational Services		11,039	11,039	10,797	242
Supplies and Materials		5,850	5,850	5,850	
Total Support Services		30,638	30,638	25,884	4,754
Total Expenditures	260,878	77,511	338,389	317,216	21,173
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 18,830,855	\$ 317,216
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not.		(1,467)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	59,235	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(66,245)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 18,823,845	\$ 315,749
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,464,266	\$ 317,216
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.		(1,467)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,464,266	\$ 315,749

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2019 was submitted to the County office and was approved by a vote by the Board of Education. 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Every Student Succeeds Act				Nonpublic Security	Nonpublic Nursing
	Title I	Title II, Part A	Title III	Title IV		
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 16,383	\$ 10,690	\$ 1,880	\$ 10,000	\$ 8,350	\$ 8,051
Total Revenue	16,383	10,690	1,880	10,000	8,350	8,051
EXPENDITURES:						
Instruction:						
Salaries of Teachers	3,600			9,389		
Tuition			1,880			
Other Purchased Services		10,690				
General Supplies	5,258					
Textbooks	7,249					
Total Instruction	16,107	10,690	1,880	9,389		
Support Services:						
Salaries of Other Professional Staff					8,350	
Personal Services - Employee Benefits	276			611		8,051
Purchased Professional Educational Services						
Supplies and Materials						
Total Support Services	276			611	8,350	8,051
Total Expenditures	\$ 16,383	\$ 10,690	\$ 1,880	\$ 10,000	\$ 8,350	\$ 8,051

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA Part B		Nonpublic Auxiliary		Nonpublic Textbooks	Local Grants	Totals
	Basic	Preschool	Nonpublic Technology				
REVENUE:							
Local Sources						\$ 39,884	\$ 39,884
State Sources			\$ 2,746		\$ 534		19,681
Federal Sources	\$ 207,284	\$ 11,414					257,651
Total Revenue	207,284	11,414	2,746		534	39,884	317,216
EXPENDITURES:							
Instruction:							
Salaries of Teachers							12,989
Tuition	207,284	11,414					220,578
Other Purchased Services							10,690
General Supplies					534	34,034	39,292
Textbooks							7,783
Total Instruction	207,284	11,414			534	34,034	291,332
Support Services:							
Salaries of Other Professional Staff							8,350
Personal Services - Employee Benefits							887
Purchased Professional Educational Services			2,746			5,850	10,797
Supplies and Materials							5,850
Total Support Services			2,746			5,850	25,884
Total Expenditures	\$ 207,284	\$ 11,414	\$ 2,746		\$ 534	\$ 39,884	\$ 317,216

CAPITAL PROJECTS FUND

LONG HILL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Revenue and Other Financing Sources:	
State Sources - SDA Grants	<u>\$ (100,657)</u>
Total Revenue and Other Financing Sources	<u>(100,657)</u>
Expenditures and Other Financing Uses:	
General Fund - Unexpended Project Balance:	
Capital Reserve	<u>201,282</u>
Total Expenditures and Other Financing Uses	<u>201,282</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(301,939)
Fund Balance - Beginning of Year	<u>301,939</u>
Fund Balance - End of Year	<u><u>\$ -0-</u></u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MILLINGTON ELEMENTARY SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 527,600	\$ (100,657)	\$ 426,943	\$ 426,943
Local Sources - Bond Proceeds	255,319		255,319	255,319
Transfer from/to Capital Reserve	498,493	(201,282)	297,211	297,211
	<u>1,281,412</u>	<u>(301,939)</u>	<u>979,473</u>	<u>979,473</u>
Total Revenue and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	12,687		12,687	12,687
Construction Services	966,786		966,786	966,786
	<u>979,473</u>		<u>979,473</u>	<u>979,473</u>
Total Expenditures and Other Financing Uses				
Excess/(Deficiency) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>\$ 301,939</u>	<u>\$ (301,939)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	4000-060-14-1004
Grant Date	6/18/2014
Bond Authorization Date	3/11/2014
Bond Authorized	\$ 255,319
Bond Issued	\$ 255,319
Original Authorized Cost	\$ 1,319,000
Change Orders	\$ 339,527
Revised Authorized Cost	\$ 979,473
Change Order Percentage	25.74%
Percentage Completion	100%
Original Target Completion Date	September 1, 2018

PROPRIETARY FUNDS

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Milk Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 17,369
Accounts Receivable:	
Interfund	3,351
Federal	809
Total Current Assets	21,529
Total Assets	21,529
 NET POSITION:	
Unrestricted	21,529
Total Net Position	\$ 21,529

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Milk Service</u>
Operating Revenue:	
Charges for Services:	
Daily Sales - Reimbursable Program:	
Special Milk Program	\$ 7,780
Total Operating Revenue	7,780
Operating Expenses:	
Cost of Sales - Reimbursable Program	8,131
Total Operating Expenses	8,131
Operating (Loss)	(351)
Non-Operating Revenue:	
Federal Sources:	
Special Milk Program	4,160
Local Sources:	
Interest Revenue	176
Total Non-Operating Revenue	4,336
Change in Net Position	3,985
Net Position - Beginning of Year	17,544
Net Position - End of Year	\$ 21,529

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Milk Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 7,780
Payments to Suppliers	(8,131)
Net Cash (Used for) Operating Activities	(351)
Cash Flows from Investing Activities:	
Interest Revenue	176
Net Cash Provided by Investing Activities	176
Cash Flows from Noncapital Financing Activities:	
Federal Sources - Special Milk Program	3,868
Net Cash Provided by Noncapital Financing Activities	3,868
Net Increase in Cash and Cash Equivalents	3,693
Cash and Cash Equivalents, July 1	13,676
Cash and Cash Equivalents, June 30	\$ 17,369
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (351)
Net Cash (Used for) Operating Activities	\$ (351)

FIDUCIARY FUNDS

LONG HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>
ASSETS:					
Cash and Cash Equivalents	\$ 61,690	\$ 139,778	\$ 201,468		\$ 93,275
Interfund Receivable - Payroll Agency				\$ 5,200	80,436
Total Assets	<u>61,690</u>	<u>139,778</u>	<u>201,468</u>	<u>5,200</u>	<u>173,711</u>
LIABILITIES:					
Interfund Payable - General Fund		5,950	5,950		
Interfund Payable - Unemployment		80,436	80,436		
Payroll Deductions and Withholdings		53,392	53,392		
Due to Student Groups	61,690		61,690		
Total Liabilities	<u>61,690</u>	<u>139,778</u>	<u>201,468</u>		
NET POSITION:					
Held in Trust for Unemployment Claims					173,711
Held in Trust for Flexible Spending Claims				5,200	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,200</u>	<u>\$ 173,711</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Interest		\$ 889	889
Total Contributions		889	889
Total Additions		889	889
DEDUCTIONS:			
Unemployment Benefit Claims		25,239	25,239
Total Deductions		25,239	25,239
Change in Net Position		(24,350)	(24,350)
Net Position - Beginning of the Year	\$ 5,200	198,061	203,261
Net Position - End of the Year	<u>\$ 5,200</u>	<u>\$ 173,711</u>	<u>\$ 178,911</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 55,795	\$ 107,527	\$ 101,632	\$ 61,690
Total Assets	<u>\$ 55,795</u>	<u>\$ 107,527</u>	<u>\$ 101,632</u>	<u>\$ 61,690</u>
LIABILITIES:				
Due to Student Groups	\$ 55,795	\$ 107,527	101,632	\$ 61,690
Total Liabilities	<u>\$ 55,795</u>	<u>\$ 107,527</u>	<u>\$ 101,632</u>	<u>\$ 61,690</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Elementary Schools:				
Gillette	\$ 3,320	\$ 3,249	\$ 3,455	\$ 3,114
Millington	5,452	14,993	15,509	4,936
Middle School:				
Central	46,475	89,285	82,120	53,640
Longo Scholarship	<u>548</u>		<u>548</u>	
Total All Schools	<u>\$ 55,795</u>	<u>\$ 107,527</u>	<u>\$ 101,632</u>	<u>\$ 61,690</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 162,750	\$ 11,815,363	\$ 11,838,335	\$ 139,778
Total Assets	<u>\$ 162,750</u>	<u>\$ 11,815,363</u>	<u>\$ 11,838,335</u>	<u>\$ 139,778</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 3,432	\$ 6,177,131	\$ 6,144,686	\$ 35,877
Interfund Payable - General Fund	61,076		55,126	5,950
Interfund Payable - Unemployment	80,436			80,436
Net Payroll	<u>17,806</u>	<u>5,638,232</u>	<u>5,638,523</u>	<u>17,515</u>
Total Liabilities	<u>\$ 162,750</u>	<u>\$ 11,815,363</u>	<u>\$ 11,838,335</u>	<u>\$ 139,778</u>

LONG-TERM DEBT

LONG HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance July 1, 2018	Balance June 30, 2019
			Date	Amount				
School Refunding Bonds of 2012	03/16/12	\$ 9,880,000	01/15/20	\$ 620,000	4.00%	\$ 600,000	\$ 8,055,000	\$ 7,455,000
			01/15/21	645,000	4.00%			
			01/15/22	675,000	4.00%			
			01/15/23	700,000	4.00%			
			01/15/24	725,000	4.00%			
			01/15/25	755,000	4.00%			
			01/15/26	790,000	4.00%			
			01/15/27	815,000	4.00%			
			01/15/28	850,000	4.00%			
			01/15/29	880,000	4.00%			
School Bonds of 2014	07/18/14	1,464,000	01/15/20	165,000	2.00%	160,000	1,034,000	874,000
			01/15/21	170,000	2.00%			
			01/15/22	175,000	2.25%			
			01/15/23	180,000	2.50%			
			01/15/24	184,000	2.50%			
							<u>\$ 9,089,000</u>	<u>\$ 8,329,000</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,105,138		\$ 1,105,138	\$ 1,105,138	
Total Revenues	<u>1,105,138</u>		<u>1,105,138</u>	<u>1,105,138</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	345,138		345,138	345,136	\$ 2
Redemption of Principal	760,000		760,000	760,000	
Total Regular Debt Service	<u>1,105,138</u>		<u>1,105,138</u>	<u>1,105,136</u>	<u>2</u>
Total Expenditures	<u>1,105,138</u>		<u>1,105,138</u>	<u>1,105,136</u>	<u>2</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	2	2
Fund Balance, July 1	\$ -0-		\$ -0-	\$ -0-	-0-
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 2</u>
Recapitulation:					
Restricted for Subsequent Year's Expenditures				<u>\$ 2</u>	<u>\$ 2</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 14,955,113	\$ 14,959,257
Restricted	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	2,493,408
Unrestricted/(Deficit)	36,864	124,544	222,266	210,364	(1,349,281)	(2,276,858)	(2,023,635)	(3,117,357)	(3,198,309)	(3,759,279)
Total Governmental Activities Net Position	\$ 19,868,367	\$ 21,110,808	\$ 21,623,663	\$ 22,607,875	\$ 22,451,340	\$ 23,200,451	\$ 23,672,734	\$ 23,079,849	\$ 14,351,756	\$ 13,693,386
Business-Type Activities										
Unrestricted	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063	\$ 11,965	\$ 17,544	\$ 21,529
Total Business-Type Activities Net Position	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063	\$ 11,965	\$ 17,544	\$ 21,529
District-Wide:										
Net Investment in Capital Assets	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 14,955,113	\$ 14,959,257
Restricted	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	2,493,408
Unrestricted/(Deficit)	68,215	135,589	243,765	234,005	(1,315,945)	(2,236,236)	(1,985,572)	(3,105,392)	(3,180,765)	(3,737,750)
Total District Net Position	\$ 19,899,718	\$ 21,121,853	\$ 21,645,162	\$ 22,631,516	\$ 22,484,676	\$ 23,241,073	\$ 23,710,797	\$ 23,091,814	\$ 14,369,300	\$ 13,714,915

* - Restated

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 9,267,572
Special Education	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	2,752,521
Other Special Instruction	21,811	25,502	19,579	14,067	47,017		38,359	49,075	111,411	105,750
Other Instruction										
Support Services:										
Tuition	804,488	645,210	662,714	517,792	373,716	451,199	603,911	549,914	475,166	230,733
Student & Instruction Related Services	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	3,638,625
General Administrative Services	1,006,656	863,363	1,086,748	853,858	899,858	916,395	1,302,615	1,287,909	1,282,001	541,273
School Administrative Services	764,940	767,969	836,833	776,974	841,903	865,078	1,217,675	1,399,585	1,317,464	979,863
Central Services										409,843
Administrative Information Technology										215,064
Plant Operations And Maintenance	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	2,079,997
Pupil Transportation	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295	881,120	967,197	1,114,226
Capital Outlay										33,181
Transfer to Charter School				38,307	55,637	58,986	27,683	71,967	113,378	124,809
Interest On Long-Term Debt	635,426	637,769	502,399	477,568	451,154	443,059	422,579	403,199	382,997	326,243
Total Governmental Activities Expenses	16,322,141	16,131,713	17,090,671	17,012,309	16,635,038	18,972,220	20,284,630	23,553,230	24,514,637	22,345,391
Business-Type Activities										
Milk Service Fund	24,114	51,609	18,229	21,968	14,103	15,239	22,443	41,983	10,785	8,131
Total Business Type Activities	24,114	51,609	18,229	21,968	14,103	15,239	22,443	41,983	10,785	8,131
Total District Expenses	\$ 16,346,255	\$ 16,183,322	\$ 17,108,900	\$ 17,034,277	\$ 16,649,141	\$ 18,987,459	\$ 20,307,073	\$ 23,595,213	\$ 24,525,422	\$ 22,353,522
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Operating Grants and Contributions	\$ 62,850	\$ 340,272	\$ 283,327	\$ 284,780	\$ 177,193	\$ 167,115	\$ 106,595	\$ 107,630	\$ 200,200	\$ 197,611
Capital Grants and Contributions	475,695	491,581	341,490	344,643	318,106	298,591	298,315	241,757	268,502	5,074,129
Total Governmental Activities Program Revenues	538,545	831,853	624,817	629,423	1,805,111	465,706	404,910	349,387	468,702	5,271,740
Business-Type Activities:										
Charges For Services:										
Milk Service	25,768	21,751	18,563	15,899	15,520	13,829	12,293	9,999	9,845	7,780
Operating Grants and Contributions	4,208	9,514	10,112	8,204	8,266	8,685	7,580	5,879	6,497	4,160
Total Business Type Activities Program Revenues	29,976	31,265	28,675	24,103	23,786	22,514	19,873	15,878	16,342	11,940
Total District Program Revenues	\$ 568,521	\$ 863,118	\$ 653,492	\$ 653,526	\$ 1,828,897	\$ 488,220	\$ 424,783	\$ 365,265	\$ 485,044	\$ 5,283,680

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ended June 30.									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (17,073,651)
Business-Type Activities	5,862	(20,344)	10,446	2,135	9,683	7,275	(2,570)	(26,105)	5,557	3,809
Total District-Wide Net Expense	\$ (15,777,734)	\$ (15,320,204)	\$ (16,455,408)	\$ (16,380,751)	\$ (14,820,244)	\$ (18,499,239)	\$ (19,882,290)	\$ (23,229,948)	\$ (24,040,378)	\$ (17,069,842)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	15,241,522
Taxes Levied for Debt Service	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	1,105,138
Unrestricted Grants & Contributions	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	2,606
Investment Earnings	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	24,376	85,328					66,015
Insurance Claim Proceeds from Storm Damage Transfers					(50,000)					
Miscellaneous Income	141,304	70,542	115,346	49,650	64,432	46,120	75,041	116,009	174,898	
Total Governmental Activities	16,743,490	16,542,301	16,978,709	17,367,098	17,433,724	19,255,625	20,352,003	22,610,958	24,183,164	16,415,281
Business-Type Activities:										
Interest and Miscellaneous Income	62	38	8	7	12	11	11	7	22	176
Total Business-Type Activities	62	38	8	7	12	11	11	7	22	176
Total District-Wide	\$ 16,743,552	\$ 16,542,339	\$ 16,978,717	\$ 17,367,105	\$ 17,433,736	\$ 19,255,636	\$ 20,352,014	\$ 22,610,965	\$ 24,183,186	\$ 16,415,457
Change in Net Position:										
Governmental Activities	959,894	1,242,441	512,855	984,212	2,603,797	749,111	472,283	(592,885)	137,229	(658,370)
Business-Type Activities	5,924	(20,306)	10,454	2,142	9,695	7,286	(2,559)	(26,098)	5,579	3,985
Total District	\$ 965,818	\$ 1,222,135	\$ 523,309	\$ 986,354	\$ 2,613,492	\$ 756,397	\$ 469,724	\$ (618,983)	\$ 142,808	\$ (654,385)

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Restricted	\$ 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	\$ 2,493,406
Committed	179,981	184,219	191,599	72,892	116,301	209,792	429,087	145,377	97,506	73,899
Assigned	157,526	115,165	137,703	414,508	410,155	391,407	351,443	491,039	470,182	414,793
Unassigned	315,488	417,246	400,328	414,508	410,155	391,407	351,443	491,039	470,182	414,793
Total General Fund	\$ 727,577	\$ 1,725,784	\$ 2,414,950	\$ 2,548,904	\$ 2,528,391	\$ 2,985,465	\$ 3,179,107	\$ 3,197,110	\$ 3,421,237	\$ 2,982,098
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund					\$ 166,192	\$ 1,976,741	\$ 355,643	\$ 301,939	\$ 301,939	\$ 301,939
Assigned, Reported In:										
Debt Service Fund			\$ 2,206	\$ 48,008		998	998			\$ 2
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ 2,206	\$ 48,008	\$ 166,192	\$ 1,977,739	\$ 356,641	\$ 301,939	\$ 301,939	\$ 2
Total Governmental Funds:										
Restricted	\$ 74,582	\$ 1,009,154	\$ 1,685,320	\$ 2,061,504	\$ 2,168,127	\$ 4,361,007	\$ 2,754,220	\$ 2,862,633	\$ 3,155,488	\$ 2,493,406
Committed	179,981	184,219	191,599	72,892	116,301	209,792	429,087	145,377	97,506	73,901
Assigned	157,526	115,165	139,909	48,008	410,155	998	998	491,039	470,182	414,793
Unassigned	315,488	417,246	400,328	414,508	410,155	391,407	351,443	491,039	470,182	414,793
Total Governmental Funds	\$ 727,577	\$ 1,725,784	\$ 2,417,156	\$ 2,596,912	\$ 2,694,583	\$ 4,963,204	\$ 3,535,748	\$ 3,499,049	\$ 3,723,176	\$ 2,982,100

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 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	\$ 16,346,660
Tuition	62,850	246,890	202,359	205,543	51,596	88,884	40,601	42,750	130,550	165,475
Transportation Fees from Individuals										19,230
Rents and Royalties										32,136
Interest Earnings	5,683	3,322	3,539	2,864	2,197	2,227	2,025	1,840	6,644	500
Miscellaneous	151,307	170,289	206,474	132,733	151,401	124,351	141,038	179,049	244,548	105,399
State Sources	2,128,239	1,487,561	1,848,135	2,275,509	3,383,402	2,203,144	2,450,018	2,766,072	2,974,843	3,215,885
Federal Sources	389,753	412,630	296,042	269,779	244,615	249,041	249,383	240,192	267,188	258,790
Total Revenue	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	20,144,075
Expenditures:										
Instruction:										
Regular Instruction	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	5,036,949
Special Education Instruction	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	1,409,001
Other Special Instruction	136,867	146,722	203,969	208,972	211,538	212,585	244,369	269,665	234,671	246,212
Other Instruction	19,706	23,879	18,382	13,213	47,017		38,359	29,209	63,391	67,069
Support Services:										
Tuition	485,306	326,658	449,861	296,756	179,561	244,357	391,202	350,099	270,364	230,733
Student & Instruction Related Services	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	2,664,402
General Administrative Services	387,214	305,728	286,071	261,847	268,558	289,326	357,429	357,324	347,819	411,430
School Administrative Services	546,945	548,036	588,744	548,876	558,934	559,572	559,914	578,403	569,198	560,654
Central Services	270,506	245,817	275,714	258,082	271,710	264,361	274,180	275,740	252,638	275,843
Administrative Information Technology	97,370	93,064	94,537	92,597	94,449	97,338	100,258	103,780	90,849	143,705
Plant Operations And Maintenance	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	1,873,268
Pupil Transportation	1,071,804	943,042	906,443	880,259	725,505	776,862	808,295	881,120	967,197	944,837
Allocated and Unallocated Benefits	2,829,785	2,727,955	3,135,623	3,610,786	3,483,803	3,637,692	4,039,361	4,440,761	4,819,209	5,162,958
Transfer to Charter Schools				38,307	55,637	58,986	27,683	71,967	113,378	124,809
Capital Outlay	42,383	108,856	8,539	613,553	670,182	273,247	134,505	423,030	59,431	628,145
Capital Projects	22,229			556,346	740,725	1,719,160	1,719,160	53,704		
Special Revenue Fund	475,695	491,581	341,490	344,643	318,106	298,591	298,315	241,757	268,502	
Debt Service:										
Principal	875,000	843,000	610,000	790,000	825,000	525,000	670,000	715,000	735,000	760,000
Interest And Other Charges	644,564	642,666	593,845	441,522	468,081	429,331	454,000	418,769	398,819	345,136
Total Expenditures	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	20,885,151

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	\$ 750,208	\$ 879,378	\$ 791,372	\$ 185,081	\$ 1,148,867	\$ (282,651)	\$ (1,427,456)	\$ (36,699)	\$ 224,127	\$ (741,076)
Other Financing Sources/(Uses):					750					
Capital Leases (Non-Budgeted)		180,900				1,464,000				201,282
Capital Lease Purchase Agreement Proceeds				24,376	85,328					
Transfers In	(161,436)	(62,071)	(100,000)	29,701	(50,000)					(201,282)
Transfers Out	(161,436)	118,829	(100,000)	54,077	36,078	1,464,000				
Total Other Financing Sources/(Uses)	\$ 588,772	\$ 998,207	\$ 691,372	\$ 239,158	\$ 1,184,945	\$ 1,181,349	\$ (1,427,456)	\$ (36,699)	\$ 224,127	\$ (741,076)
Net Change In Fund Balances	9.22%	9.07%	7.16%	7.17%	7.46%	5.36%	5.73%	6.10%	5.85%	5.46%
Debt Service As A Percentage Of Noncapital Expenditures										

LONG HILL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals - Use of Facilities	Transportation Fees	Prior Year Refund	Other		Total
						Miscellaneous	Total	
2010	\$ 4,934	\$ 62,850	\$ 17,000	\$ 74,283	\$ 48,603	\$ 1,418	\$	\$ 209,088
2011	3,322	246,890	25,600	67,782	40,616	33,291		417,501
2012	3,539	202,359	26,706	54,262	35,370	87,930		410,166
2013	2,864	205,543	26,400	52,837	44,670	4,980		337,294
2014	2,197	51,596	26,075	53,483	43,103	14,902		191,356
2015	2,227	88,884	24,045	48,186	43,693	7,427		214,462
2016	2,025	39,851	24,275	41,719	74,674	1,117		183,661
2017	1,840	42,750	27,600	37,280	113,607	562		223,639
2018	6,644	130,550	25,700	43,950	134,365	40,533		381,742
2019	500	165,475	32,136	19,230	9,105	56,410		282,856

Source: Long Hill Township School District records

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

Year Ended December 31,	Vacant	Farm	Farm	Commercial	Industrial	Apartment	Total	Tax-Exempt	Public	Net Valuation	Total Direct	Estimated
	Land	Residential	Regular	Qualified			Assessed	Property	Utilities ^a	Taxable	School Tax	Actual
							Value				Rate ^b	(County
												Equalized Value)
2009	\$ 19,258,300	\$ 1,133,936,400	\$ 3,070,000	\$ 40,700	\$ 103,887,300	\$ 16,541,200	\$ 1,283,425,500	\$ 207,717,200	\$ 4,268,514	\$ 1,287,694,014	\$ 1.11	\$ 1,890,331,788
2010	20,585,700	1,137,120,400	2,795,500	40,700	103,892,800	16,541,200	1,288,312,700	148,028,900	4,454,525	1,292,767,225	1.15	1,786,661,445
2011	19,059,600	1,139,562,700	2,245,100	39,700	104,055,800	16,541,200	1,287,772,300	124,822,000	4,509,141	1,292,281,441	1.18	1,788,624,832
2012	17,735,400	1,127,011,200	3,103,600	45,700	103,707,100	16,541,200	1,274,412,400	124,960,500	4,714,115	1,279,126,515	1.18	1,691,966,290
2013	16,751,400	1,115,697,400	4,113,800	47,600	102,227,500	16,445,900	1,261,551,800	125,135,200	3,796,526	1,265,348,326	1.25	1,618,882,929
2014	16,714,900	1,111,286,000	3,734,200	47,400	102,470,400	16,304,600	1,256,825,700	125,159,400	3,141,460	1,259,967,160	1.16	1,601,178,244
2015	12,534,800	1,109,792,400	4,113,800	48,300	105,033,300	16,175,000	1,253,965,800	129,201,400	3,141,460	1,257,107,260	1.22	1,661,302,048
2016	* 13,971,900	1,433,093,900	4,611,700	67,800	132,529,400	18,072,600	1,610,953,700	114,483,400	4,068,200	1,615,021,900 *	0.97	1,777,875,275
2017	14,201,100	1,446,332,700	4,649,300	72,600	135,721,400	18,666,200	1,656,673,300	115,890,900	4,063,433	1,660,738,733	0.98	1,741,293,675
2018	14,602,700	1,454,297,100	4,363,200	71,100	136,627,900	19,112,100	1,638,503,300	115,313,300	4,130,534	1,642,633,834	0.91	1,747,816,148

* A revaluation occurred in this year.

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 ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

Source: Municipal Tax Assessor

LONG HILL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Long Hill Township School District						Total Direct and Overlapping Tax Rate
	Direct Rate			Overlapping Rates			
	Basic Rate ^a	Obligation Debt Service ^b	Total Direct	Regional School	Township of Long Hill	Morris County	
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	0.59	0.79	0.32	2.95
2014	1.09	0.07	1.16	0.59	0.79	0.33	2.87
2015	1.13	0.09	1.22	0.58	0.81	0.33	2.94
2016	* 0.90	0.07	0.97	0.45	0.64	0.28	2.34
2017	0.91	0.07	0.98	0.47	0.64	0.28	2.37
2018	0.85	0.04	0.91	0.44	0.60	0.26	2.21

* A revaluation occurred in this year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation

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.

Source: Municipal Tax Collector and School Business Administrator

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

2018		2009	
Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
	%		%
	of Total District Net Assessed Value		of Total District Net Assessed Value
Valley & Plainfield Associates LP - 977 Valley Road	\$ 26,704,600	Valley & Plainfield Associates LP - 977 Valley Road	\$ 21,204,400
Stirling Center Associates - 1153 Valley Road	14,815,700	Stirling Center Associates - 1153 Valley Road	9,907,400
Stirling Manor - 324-336 & 340-360 Somerset Street	5,983,200	Verizon - NJ Property Tax Dept. - Utility	4,509,414
Prism Millington LLC - Division Avenue	4,206,500	Stirling Manor - 324-336 & 340-360 Somerset Street	3,600,000
Transcontinental Gas Pipeline Corp.	4,119,900	Transcontinental Gas Pipeline Corp.	3,400,000
Verizon - NJ Property Tax Dept. - Utility	4,078,046	TIFA Realty Inc. - Division Avenue	3,030,500
Parthenon C/O Walgreens Tax Dept. - 1050 & 1058 Valley Rd	3,380,500	Millington Savings Bank - Long Hill Road	2,215,500
M&M Realty Mgmt LLC - 1001 Valley Road	3,361,700	Jilrydan Inc. - 1168 Valley Road	2,197,400
Millington Savings Bank - Long Hill Road	3,049,000	RHK Ptnrshp A.K. Stamping Co. Inc. - Valley Road	2,147,900
Jilrydan Inc. - 1168 Valley Road	2,685,500	Thermoplastic Processes/Ventures - 1261 & 1268 Valley Road	2,068,600
Total	\$ 72,384,646	Total	\$ 54,281,114
	1.63 %		1.65 %
	0.90 %		0.77 %
	0.37 %		0.35 %
	0.26 %		0.28 %
	0.25 %		0.26 %
	0.25 %		0.24 %
	0.21 %		0.17 %
	0.21 %		0.17 %
	0.19 %		0.17 %
	0.16 %		0.16 %
	4.42%		4.21%

Note: A revaluation occurred in 2016.
 Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 14,540,655	\$ 14,540,655	100.00%	-0-
2011	15,053,462	15,053,462	100.00%	-0-
2012	15,053,489	15,053,489	100.00%	-0-
2013	15,085,717	15,085,717	100.00%	-0-
2014	15,317,530	15,317,530	100.00%	-0-
2015	15,127,845	15,127,845	100.00%	-0-
2016	15,454,480	15,454,480	100.00%	-0-
2017	15,749,265	15,749,265	100.00%	-0-
2018	16,043,307	16,043,307	100.00%	-0-
2019	16,346,660	16,346,660	100.00%	-0-

- 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.

Source: Long Hill Township School District records including the Certificate & Report of School Taxes

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
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	1.12%	1,043
2019	8,329,000		8,329,000	1.03%	973

Note: 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.

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2019	8,329,000		8,329,000	0.51%	973

Note: 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. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Long Hill Township	\$ 9,740,477	100.00%	\$ 9,740,477
Watchung Hills Regional High School	31,313,000	21.49%	6,728,128
Morris County General Obligation Debt	216,647,700	1.92%	<u>4,169,725</u>
Subtotal, Overlapping Debt			20,638,330
Long Hill School District Direct Debt			<u>9,089,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 29,727,330</u></u>

Note: a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Long Hill Township's equalized property value that is within the Morris County's boundaries and dividing it by Morris County's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Long Hill
Equalized Valuation Basis	Township
2018	\$1,745,736,933
2017	1,740,941,855
2016	1,738,001,618
	\$5,224,680,406
Average Equalized Valuation of Taxable Property	\$1,741,560,135
Debt Limit (3% of average equalization value)	\$ 52,246,804
Net Bonded School Debt as of June 30, 2019	8,329,000
Legal Debt Margin	\$ 43,917,804

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 55,701,047	\$ 54,824,044	\$ 53,083,981	\$ 51,171,706	\$ 49,381,557	\$ 48,956,831	\$ 50,332,611	\$ 51,680,707	\$ 52,480,826	\$ 52,246,804
Total Net Debt Applicable to Limit	13,322,000	12,479,000	11,885,000	11,095,000	11,734,718	11,209,718	10,539,000	9,824,000	9,089,000	8,329,000
Legal Debt Margin	\$ 42,379,047	\$ 42,345,044	\$ 41,198,981	\$ 40,076,706	\$ 37,646,839	\$ 37,747,113	\$ 39,793,611	\$ 41,856,707	\$ 43,391,826	\$ 43,917,804
Total Net Debt Applicable to the Limit										
As a Percentage of Debt Limit	23.92%	22.76%	22.39%	21.68%	23.76%	22.90%	20.94%	19.01%	17.32%	15.94%

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

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

Year	Population ^a	Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2010	8,720	\$ 644,564,960	\$ 73,918	6.40%
2011	8,749	669,937,177	76,573	6.20%
2012	8,748	695,299,788	79,481	6.40%
2013	8,751	703,212,858	80,358	6.80%
2014	8,726	729,720,476	83,626	4.40%
2015	8,704	761,643,520	87,505	3.90%
2016	8,670	777,291,510	89,653	3.60%
2017	8,619	812,418,321	94,259	3.60%
2018	8,560	806,857,040	94,259 *	3.10%
2019	8,560 **	806,857,040 ***	94,259 *	N/A

* - Latest Morris County per capita personal income available (2017) was used for calculation purposes.

** - Latest population data available (2018) was used for calculation purposes.

*** - Latest personal income data available (2018) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

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 municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

LONG HILL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019			2010			Percentage of Total Employment
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment	
Picatinny Arsenal		6,440	2.55%	Novartis	4,990	N/A	
Atlantic Health System		6,350	2.51%	Atlantic Health System	4,933	N/A	
Novartis		4,607	1.82%	US Army Armament Research and Development	4,442	N/A	
Bayer		2,800	1.11%	United Parcel Service	2,332	N/A	
ADP		2,242	0.89%	County of Morris	1,959	N/A	
Wyndham Worldwide		1,907	0.75%	ADP	1,924	N/A	
Accenture		1,883	0.74%	AT&T	1,550	N/A	
Honeywell		1,868	0.74%	Saint Claire's	1,531	N/A	
Allergan		1,700	0.67%	BASF Corporation	1,400	N/A	
St. Clare's Health System		1,544	0.61%	Avis Budget Group, Inc.	1,378	N/A	
Total		<u>31,341</u>	<u>12.39%</u>		<u>26,439</u>		
Total County Labor Force		<u>252,984</u>			<u>N/A</u>		

Note: Information not available on Long Hill Township's Comprehensive Annual Financial Report
N/A - Total amount of Employment is not available in order to do the percentage calculation
Source: Morris County Treasurer's Office

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

<u>Function/Program</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>	<u>2019</u>
Instruction:										
Regular	64.9	67.0	67.0	61.8	62.1	63.9	63.1	59.7	66.0	76.83
Special Education	24.5	26.0	24.8	26.4	28.0	27.6	29.2	37.0	26.7	37.56
Support Services:										
Administration	5.0	5.0	5.0	6.0	6.0	6.0	6.0	4.9	7.0	5.92
Secretarial	8.4	8.4	8.4	8.3	8.2	8.5	8.5	8.5	7.5	8.50
Other support services	13.00	16.50	16.00	16.00	17.20	15.30	16.85	14.00	14.00	5.32
Total	115.8	122.9	121.2	118.5	121.5	121.3	123.6	124.1	121.2	134.13

Source: District Personnel Records

LONG HILL TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle				
2010	1021.4	\$ 15,106,288	\$ 14,790	0.70%	103.0	1:13.3	1:13.6	1021.4	984.5	0.29%	96.39%
2011	939.7	14,962,325	15,922	7.66%	97.0	1:13.3	1:13.6	939.7	904.9	-8.00%	96.30%
2012	920.9	15,706,282	17,055	7.12%	97.2	1:11.1	1:11.9	920.9	887.1	-2.00%	96.33%
2013	869.1	15,941,989	18,343	7.55%	100.0	1:11.8	1:7.9	869.1	835.8	-5.62%	96.17%
2014	850.7	15,482,265	18,199	-0.78%	97.0	1:9.4	1:10.5	850.7	818.0	-2.12%	96.16%
2015	831.5	16,109,840	19,374	6.46%	91.5	1:9.5	1:10.0	831.5	801.6	-2.26%	96.40%
2016	821.6	16,787,336	20,432	5.46%	92.3	1:9.9	1:9.5	821.6	792.1	-1.19%	96.41%
2017	846.0	17,405,364	20,574	0.69%	96.7	1:9.8	1:9.0	832.9	795.3	1.38%	95.49%
2018	846.0	18,249,703	21,572	5.58%	92.8	1:9.3	1:9.3	850.7	813.6	3.54%	95.64%
2019	856.0	19,151,870	22,374	8.75%	93.8	1:9.3	1:9.3	851.7	816.4	0.12%	95.85%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The cost per pupil calculated above is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Long Hill Township School District records

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

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Gillette School (1935)</u>										
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	198.0	173.0	170.0	154.0	157.0	185.0	202.0	216.0	231.0	233.0
<u>Millington School (1935)</u>										
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	444.0	399.0	359.0	368.0	347.0	333.0	322.0	360.0	348.0	363.0
<u>Central School (1935)</u>										
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	379.0	352.0	327.0	326.0	342.0	313.0	297.0	270.0	267.0	255.0

Number of Schools at June 30, 2019

Elementary	2
Middle	1

Source: District Facilities Office
 NOTE: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

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

Undistributed Expenditures - Required Maintenance For School Facilities

School Facilities *	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gillette School	**	**	**	**	**	**	**	**	\$ 62,413	\$ 64,836
Millington School	**	**	**	**	**	**	**	**	117,741	112,075
Central School	**	**	**	**	**	**	**	**	122,032	189,571
Total School Facilities	\$ 171,259	\$ 180,716	\$ 306,453	\$ 270,943	\$ 203,694	\$ 221,618	\$ 218,847	\$ 306,938	\$ 302,186	\$ 366,482

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

** Not Available

Source: District records

LONG HILL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Morris Essex Insurance Group (MEIG)	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	
	Cyber Liability	2,000,000	
	Group Aggregate	4,000,000	
	Fireman's Fund Shared Excess Liability	50,000,000	

Source: Long Hill Township School District records

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable 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, 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 (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

The Honorable President and Members
of the Board of Education
Long Hill Township School District
Page 2

Compliance and Other Matters

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


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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 8, 2019

NISIVOCCIA LLP

NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The 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 Board of Education of the Long Hill Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid / Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2019. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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.

The Honorable President and Members
of the Board of Education
Long Hill Township School District
Page 2

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 fiscal year ended June 30, 2019.

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 Uniform Guidance and NJOMB 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 federal or 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 federal or 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 federal or 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.

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

Mount Arlington, New Jersey
November 8, 2019

NISIVOCIA LLP

NISIVOCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at		Cash Received	Budgetary Expenditures	Balance at		
			From	To		June 30, 2018 Accounts (Receivable)	June 30, 2019 Accounts (Receivable)			Amount Provided to Subrecipients		
State Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Special Milk Program	10.556	N/A	7/1/17	6/30/18	\$ 6,497	\$ (508)	\$ 508	\$ (4,160)	\$ (809)			
Special Milk Program	10.556	N/A	7/1/18	6/30/19	4,160	(508)	3,351	(4,160)	(809)			
Total Enterprise Fund						(508)	3,859	(4,160)	(809)			
Total U.S. Department of Agriculture						(508)	3,859	(4,160)	(809)			
Federal Emergency Management Agency - (FEMA) -												
US Department of Homeland Security												
General Fund:												
Hurricane Relief	93.778	N/A	7/1/16	6/30/19	2,606		2,606	(2,606)				
US Department of Education												
Passed thru NJ Department of Education												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I	84.010A	ESEA-4000-18	7/1/17	6/30/18	25,766	(8,018)	8,018	(16,383)	(14,067)			
Title I	84.010A	ESEA-4000-19	7/1/18	6/30/19	25,582	(14,368)	2,316					
Title IIA	84.367A	ESEA-4000-18	7/1/17	6/30/18	14,368	(10,000)	14,368	(10,690)	(1,039)			
Title IIA	84.367A	ESEA-4000-19	7/1/18	6/30/19	14,423	(1,384)	9,651					
Title III	84.365A	ESEA-4000-18	7/1/17	6/30/18	10,000	(1,384)	10,000	(1,880)	(1,581)			
Title III Immigrant	84.365A	ESEA-4000-18	7/1/17	6/30/18	1,384	(3,272)	1,384					
Title III Immigrant	84.365A	ESEA-4000-19	7/1/18	6/30/19	1,880		299					
Title IV	84.365A	ESEA-4000-18	7/1/17	6/30/18	3,272		3,272	(10,000)	(10,000)			
Title IV	84.365A	ESEA-4000-19	7/1/18	6/30/19	10,000			(38,953)	(26,687)			
Elementary and Secondary Education Act												

LONG HILL TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2018		Cash Received	Budgetary Expenditures	Balance at June 30, 2019	
			From	To		Accounts (Receivable)	Accounts (Receivable)			Amount Provided to Subrecipients	
U.S. Department of Education - Passed-through State Department of Education: Special Revenue Fund:											
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-4000-19	7/1/18	6/30/19	\$ 207,284		\$ 200,067	\$ (207,284)	\$ (7,217)		
I.D.E.A. Part B, Preschool	84.173	IDEA-4000-19	7/1/18	6/30/19	11,414		11,414	(11,414)			
Special Education Cluster Total							211,481	(218,698)	(7,217)		
Total Special Revenue Fund							260,789	(257,651)	(33,904)		
Total U.S. Department of Education							263,395	(257,651)	(33,904)		
TOTAL FEDERAL AWARDS							\$ 267,254	\$ (264,417)	\$ (34,713)	\$ -0-	

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancelled	Balance at June 30, 2019		MEMO Budgetary (Accounts Receivable)	MEMO Cumulative Total Expenditures
		From	To		Budgetary (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor		
State Department of Education:														
General Fund:														
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	\$ 551,765	\$ (49,000)	\$ 49,000							\$ 551,765	
Categorical Security Aid	18-495-034-5120-084	7/1/17	6/30/18	13,945	(1,238)	1,238							13,945	
Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	13,477	(1,197)	1,197							13,477	
Categorical Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	62,144	(5,519)	5,519							62,144	
PARCC Readiness	18-495-034-5120-098	7/1/17	6/30/18	8,150	(724)	724							8,150	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	8,150	(724)	724							8,150	
Professional Learning Communication Aid	18-495-034-5120-101	7/1/17	6/30/18	8,030	(713)	713							8,030	
Host District Aid	18-495-034-5120-102	7/1/17	6/30/18	1,368	(120)	120							1,368	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17	6/30/18	189,382	(189,382)	189,382							189,382	
Additional Non-Public Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	20,514	(20,514)	20,514							20,514	
Special Education Categorical Aid	18-495-034-5120-089	7/1/18	6/30/19	551,765		502,179	\$ (551,765)					\$ (49,586)	551,765	
Categorical Security Aid	19-495-034-5120-084	7/1/18	6/30/19	13,945		12,692	(13,945)					(1,253)	13,945	
Categorical Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	171,428		156,022	(171,428)				\$ (120,480)	(15,406)	171,428	
Extraordinary Special Education Costs Aid	19-495-034-5120-044	7/1/18	6/30/19	121,216		736	(121,216)				(19,788)	(10,888)	121,216	
Additional Non-Public Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	19,788			(19,788)				(25,748)	(6,960)	19,788	
Reimbursed TPAF Social Security Contributions	19-100-034-5095-002	7/1/18	6/30/19	505,371		479,623	(505,371)					(25,748)	505,371	
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18	6/30/19	598,793		598,793	(598,793)						598,793	
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18	6/30/19	1,293,028		1,293,028	(1,293,028)						1,293,028	
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18	6/30/19	27,066		27,066	(27,066)						27,066	
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18	6/30/19	1,471		1,471	(1,471)						1,471	
Total General Fund State Aid					(269,131)	3,340,741	(3,303,871)				(166,016)	(232,261)	4,180,796	
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	4,432		4,432	(534)				\$ 3,898		534	
Nursing Services (Chapter 226)	19-100-034-5120-070	7/1/18	6/30/19	8,051		8,051	(8,051)						8,051	
Technology Initiative	19-100-034-5120-373	7/1/18	6/30/19	2,988		2,988	(2,746)				242		2,746	
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	12,450		12,450	(8,350)				4,100		8,350	
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	375					\$ (5)					
Auxiliary Services (Chapter 192):														
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	4,247		4,247					4,247			
Total Special Revenue Fund					\$	32,168	(19,681)		(5)		12,487		19,681	

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance at July 1, 2018		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancelled	Balance at June 30, 2019		MEMO	
				Budgetary (Accounts Receivable)	Due to Grantor					GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education: Capital Projects Fund: N.J. School Development Authority Grants: Millington Elementary School - Partial Roof Replacement	SDA-4000-030-14-1004	6/18/14 6/30/19	\$ 527,600	\$ (100,657)				\$ 100,657					
Total Capital Projects Fund				(100,657)				100,657					
Total State Awards Subject to Single Audit Determination				\$ (369,788)	\$ 5	\$ 33,372,909	\$ (3,323,552)	\$ (5)	\$ 100,657	\$ (166,016)	\$ 12,487	\$ (232,261)	\$ 4,200,477
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18 6/30/19	(598,793)				598,793						
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18 6/30/19	(1,293,028)				1,293,028						
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18 6/30/19	(27,066)				27,066						
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18 6/30/19	(1,471)				1,471						
Subtotal - On-Behalf TPAF Pension System Contributions							1,920,358						
Total State Awards Subject to Single Audit Major Program Determination							\$ (1,403,194)						

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Long Hill Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,010) for the general fund, and (\$1,467) for the special revenue fund (less \$234 due to the cancellation of a prior year encumbrance). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal Sources</u>	<u>State Sources</u>	<u>Total</u>
General Fund	\$ 2,606	\$ 3,296,861	\$ 3,299,467
Special Revenue Fund	256,184	19,681	275,865
Proprietary Fund	<u>4,160</u>	<u> </u>	<u>4,160</u>
Total Financial Assistance	<u>\$ 262,950</u>	<u>\$ 3,316,542</u>	<u>\$ 3,579,492</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2019.

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2019 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education				
Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 551,765	\$ 551,765
Categorical Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,945	13,945

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJ OMB 15-08.

LONG HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Findings:

The prior year findings regarding classification of accounts payables and encumbrances (2018-001), timely deposits (2018-002) and budgeted federal and state award amounts (2018-003) were resolved in the current year.