

LONG HILL TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

LONG HILL TOWNSHIP SCHOOL DISTRICT
COUNTY OF MORRIS
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
TABLE OF CONTENTS

	<u>Page</u>
Cover Letter	1
General Comments:	2
Scope of Audit	2
Administrative Practices and Procedures:	2
Insurance	2
Officials in Office and Surety Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting:	2
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures:	4
General Classifications	4
Board Secretary's Records	4
Treasurer's Records	5
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act	5
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
School Purchasing Programs:	
Contracts and Agreements Requiring Advertisement for Bids	5-6
School Food Service Fund	7
Student Body Activities	7-8
Application for State School Aid	9
Pupil Transportation	9
Facilities and Capital Assets	9
Travel Expense and Reimbursement Policy	9-10
Testing for Lead of all Drinking Water in Educational Facilities	10
Management Suggestions	10
Status of Prior Year's Findings/Recommendations	11
Schedule of Milk Count Activity (Not Applicable)	
Schedule of Net Cash Resource (Not Applicable)	
Schedule of Audited Enrollments	12-16
Excess Surplus Calculation	17-18
Summary of Recommendations	19-20

November 8, 2019

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Education of the Long Hill Township School District in the County of Morris for the fiscal year ended June 30, 2019, and have issued our report thereon dated November 8, 2019.

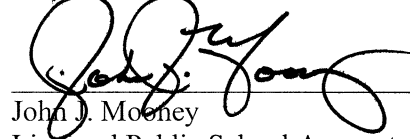
As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents. This letter does not affect our report dated November 8, 2019, on the financial statements of the Board.

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

NISIVOCCIA LLP

NISIVOCCIA LLP



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

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Multi-peril insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's CAFR.

Officials in Office and Surety Bonds

<u>Name</u>	<u>Position</u>	<u>Coverage</u>
Joseph Bellino	Board Secretary/Business Administrator (To 1/31/2019)	\$ 250,000
Julie A. Kot	Board Secretary/Business Administrator (From 2/1/2019)	250,000

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were different than estimated costs. The Board made a proper adjustment to the billings to sending districts for the change in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid on a test basis, during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation except as noted below.

Findings:

1. During our test of claims, it was noted that when the District received an invoice it was not always promptly reclassified from an encumbrance to a payable expense in a timely manner. However, as of the date of this report, the Finance Office has resolved this issue and no formal recommendation is deemed necessary.
2. During our test of claims, it was noted that when the District incurred expenses, they were not consistently paid in a timely manner and that purchase orders were not adjusted to reflect updated balances owed to vendors. However, as of the date of this report, the Finance Office has resolved this issue and no formal recommendation is deemed necessary.
3. During our test of claims, it was noted that District's purchasing procedures were not consistently followed when encumbering funds and obtaining the required signatures when authorizing payments to vendors. However, as of the date of this report, the Finance Office has resolved this issue and no formal recommendation is deemed necessary.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account and Position Control Roster

The net salaries of employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

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

The required certification (E-Cert1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15 due date.

Findings:

1. During our test of salaries, it was noted that not all employees were paid longevity in accordance with their contract.
2. During our review of per diem employees, it was noted that some timesheets were not available for verification.
3. During our review of salaries, it was noted that not all active employees were listed on the position control roster.
4. During our review of employee health benefit contributions, it was noted that the proper deduction rates were not always being utilized.
5. During our review of payroll balances, it was noted that unallocated funds remain in the accounts at year end and that analysis of balances were not available for the payroll accounts.

Recommendations:

It is recommended that:

1. All employees are paid longevity in accordance with their contract.
2. All timesheets are maintained for all per diem employees and for employee extra pay.
3. All active employees are listed on the position control roster.
4. Employee health benefit contributions are always calculated properly.
5. An analysis of balance for payroll accounts be prepared and that any unallocated balances be transferred back to the General Fund.

Management's Responses:

The District will ensure that:

1. All employees are paid in accordance with their contract.
2. All timesheets are maintained for all per diem employees and for any employee's extra pay
3. All active employees are listed on the position control roster.
4. Employee health benefit contributions are always calculated properly.
5. An analysis of balance for payroll accounts be prepared and that any unallocated balances are transferred back to the General Fund.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

Financial Planning, Accounting and Reporting (Cont'd)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made on a test basis as of June 30, for proper classification of orders as reserve for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. In addition to randomly selecting a test sample, we also reviewed administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures.

Board Secretary's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Board Secretary's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have the following comments:

Findings:

1. During our review the Board Secretary's Report, it was noted that the District could not provide confirmation that a copy of the December 2018 Board Secretary's report was submitted to the County Superintendent within 60 days of the December month-end.
2. During our review of refunds, it was noted that appropriation refunds were not always properly posted to the appropriate budget line which caused an overexpenditure in the health benefit appropriation line at the time of this audit.

Recommendations:

It is recommended that:

1. The District maintain documentation to support that the Board Secretary's Reports are submitted to the County Superintendent within 60 days of the December month-end.
2. Appropriation refunds are posted to the appropriate budget line and transfers are made when necessary to ensure that appropriation lines are not over-expended.

Management's Responses:

The District will ensure that:

1. Documents are maintained to support that the December 2018 Board Secretary's Report was submitted to the County Superintendent within 60 days of the December month-end.
2. Appropriation refunds are applied to the proper budget line and transfers are made when necessary to prevent appropriation line over-expenditures.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Treasurer's Records

In planning and performing our audit of the financial statements of the Board, we considered the condition of the Treasurer's records for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments.

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

The E.S.E.A. financial exhibits are contained herein within the Special Revenue Section of the District's CAFR. This section of the CAFR documents the financial position pertaining to projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for the E.S.E.A. did not indicate any area of noncompliance.

Other Special Federal and/or State Projects

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

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

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

T.P.A.F. Reimbursement

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

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the State for Federal Salary Expenditures form was remitted to the State of New Jersey prior to the required deadline of October 1, 2019. The reimbursement form was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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

a. "When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L.1971, c. 198 the Board of Education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Purchasing Programs (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

b. Commencing in the fifth year after the year in which P.L.1999, c. 440 takes effect and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made"

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Board of Education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law"

Effective July 1, 2015 and thereafter the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is \$19,000 for 2018-19.

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

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

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or the appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims.

We also inquired of school management, or appropriate school milk service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

Non-program foods were not purchased, prepared or offered for sale.

Findings:

1. During our review of milk reimbursement, it was noted that the District did not file for performance based milk reimbursement, which resulted in a loss of claims for the month of September 2018 the program.
2. Net cash resources of the Milk Service Fund exceeded three months average expenditures. However, as of the date of this report, the Finance Office has resolved this issue and no formal recommendation is deemed necessary.

Recommendations:

It is recommended that:

1. The District file for monthly performance based milk reimbursement in a timely manner.

Management's Responses:

1. The District will ensure to file for performance based milk reimbursement in a timely manner.

Student Body Activities

In planning and performing our audit of the financial statements of the Board, we considered the condition of the records of the Student Activities Fund for the purpose of expressing our opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, we have no comments except as noted on the following page.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Student Body Activities (Cont'd)

Findings:

1. During our review of the student activity cash collections process, it was noted that teachers collect funds from students, turn those funds over to the school secretary, who will turn these funds over to the board office for deposit. A receipts log is not being maintained by teachers or school secretaries.
2. During our review of student activity purchase orders, we were unable to verify that officials were paid accurately as a fee schedule was not available.
3. During our review of student activity purchases, it was noted that payment is sent along with the request for a claimant signature, purchase orders were not always created prior to the purchase of goods or services and that receipt of goods signatures were not obtained for all purchase orders prior to the release of payment.
4. During our review of student activities, it was noted that there is no documentation maintained for adjusting entries.

Recommendations:

It is recommended that:

1. A receipts journal that indicates the date of the receipt is maintained and collections are deposited in a timely manner for the Student Activities fund.
2. A fee schedule is created, and board approved is received for payment of athletic officials.
3. Claimant signatures be obtained prior to the release of payment, purchase orders be created prior to the purchase of goods or services to ensure the availability of funds and that receipts of goods signatures are obtained for all purchases prior to the release of payment in the student activities accounts.
4. More care be taken when recording adjusting entries in the student activities accounts.

Management's Responses:

The District will ensure that:

1. A receipts journal that indicates the date of the receipt is maintained and collections are deposited in a timely manner for the Student Activities fund.
2. A fee schedule is created, and board approved is received for payment of athletic officials.
3. Claimant signatures are obtained prior to the release of payment, purchase orders are created prior to the purchase of goods or services to ensure the availability of funds and that receipts of goods signatures are obtained for all purchases prior to the release of payment in the student activities accounts.
4. More care is taken when recording adjusting entries in the student activities accounts.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low income and bilingual students. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with no errors. The information that was included on the workpapers was verified on a test basis without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed State forms or their equivalent.

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with no errors. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

There were no active School Development Authority Projects for the fiscal year ended June 30, 2019.

Travel Expense and Reimbursement Policy

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations include requirements for the District to establish a maximum travel amount for the year and to ensure that the maximum amount is not exceeded. The regulations also require that all travel must be preapproved by the Board of Education and Superintendent and that a brief report detailing the key issues addressed at the travel event must be submitted after the travel event has occurred. Based on our testing of these regulations, we noted the following:

Finding:

It was noted that the District did not charge all applicable travel expenditures to the proper travel budget line items.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

Travel Expense and Reimbursement Policy (Cont'd)

Recommendation:

It is recommended that all travel expenses be segregated from all other activities and charged to the 580 account line to ensure that the total amount of travel for the year does not exceed the maximum amount approved in the minutes.

Management's Response:

The District will make every effort to ensure that travel is charged to the correct budget line.

Testing for Lead of All Drinking Water in Education Facilities

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

Management Suggestions

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, *Fiduciary Activities*, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Private Purpose Scholarship Trust and Unemployment Trust Fund.

LONG HILL TOWNSHIP SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding the proper classification of accounts payable and encumbrances, prompt deposit of receipts, political contribution disclosure forms, federal awards and state financial assistance budgeting and timely student activity deposits were resolved in the current year.

LONG HILL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	2019-2020 Application for State School Aid						Sample for Verification					
	Reported on		Reported on		Errors		Sample		Verified per		Errors per	
	A.S.S.A. On Roll	Shared	Workpapers On Roll	Shared	Full	Shared	Workpapers Full	Shared	Registers Full	Shared	Registers Full	On Roll Shared
Half Day Preschool 4 Yr Old	18		18				18		18			
Full Day Kindergarten	88		88				88		88			
Grade One	94		94				94		94			
Grade Two	78		78				78		78			
Grade Three	73		73				73		73			
Grade Four	78		78				78		78			
Grade Five	67		67				67		67			
Grade Six	70		70				70		70			
Grade Seven	86		86				86		86			
Grade Eight	59		59				59		59			
Subtotal	711		711				711		711			
Special Ed - Elementary	100		100				10		10			
Special Ed - Middle School	40		40				7		7			
Subtotal	140		140				17		17			
Totals	851		851				728		728			
Percentage Error					0.00%						0.00%	0.00%

LONG HILL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Private Schools for Disabled				Resident Low Income				
	Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten									
Grade One					4	4	1	1	1
Grade Two					6	6	1	1	1
Grade Three					1	1	1	1	1
Grade Four					3	3	1	1	1
Grade Five					4	4	1	1	1
Grade Six					2	2	1	1	1
Grade Seven					3	3	1	1	1
Grade Seven					2	2	1	1	1
Subtotal					25	25	8	8	8
Special Ed - Elementary	3	1	1		3	3	1	1	1
Special Ed - Middle School	1	1	1		2	2	1	1	1
Subtotal	4	2	2		5	5	2	2	2
Totals	4	2	2		30	30	10	10	10
Percentage Error							0.00%		0.00%

LONG HILL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Low Income					
	Reported on A.S.A. as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores, Application and Register	Sample Errors
Grade One	1	1		1	1	
Subtotal	1	1		1	1	
Special Ed - Elementary	2	2		1	1	
Subtotal	2	2		1	1	
Totals	3	3		2	2	
Percentage Error			0.00%			
			0.00%			

LONG HILL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Resident LEP Not Low Income					
	Reported on A.S.S.A. as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Scores and Register	Sample Errors
Grade One	9	9		2	2	
Grade Two	8	8		2	2	
Grade Three	2	2		1	1	
Grade Four	2	2		1	1	
Grade Five	2	2		1	1	
Grade Six	2	2		1	1	
Subtotal	25	25		8	8	
Special Education:						
Elementary	9	9		2	2	
Subtotal	9	9		2	2	
Totals	34	34		10	10	
Percentage Error			0.00%			0.00%

LONG HILL TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
SCHEDULE OF AUDITED ENROLLMENTS
ENROLLMENT AS OF OCTOBER 15, 2018

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	358	358		25	25	
Regular - Special Education	11	11		5	5	
AIL - Non Public	68	68		9	9	
Transported - Non Public	1	1		1	1	
Special Needs (Public)	2	2		1	1	
Special Needs (Private)	5	5		1	1	
Totals	445	445		42	42	
Percentage Error			0.00%			0.00%

	Reported	Recalculated
Average Mileage - Regular Including Grade PK Students	3.6	3.6
Average Mileage - Regular Excluding Grade PK Students	3.6	3.6
Average Mileage - Special Education with Special Needs	5.0	5.0

LONG HILL TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2018-2019 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 19,464,266</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>\$</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u>\$</u> (B1b)
Decreased by:	
On-Behalf TPAF Pension and Social Security	<u>\$ 2,425,729</u> (B2a)
Assets Acquired Under Capital Leases	<u>\$</u> (B2b)
Adjusted 2018-2019 General Fund Expenditures [(B)+(B1's)-(B2's)]	<u>\$ 17,038,537</u> (B3)
2% of Adjusted 2018-2019 General Fund Expenditures [(B3) times .02]	<u>\$ 340,770</u> (B4)
Enter Greater of (B4) or \$250,000	<u>\$ 340,770</u> (B5)
Increased by: Allowable Adjustments	<u>\$ 140,268</u> (K)
Maximum Unassigned Fund Balance [(B5)+(K)]	<u>\$ 481,038</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/2019 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 3,048,343</u> (C)
Decreased by:	
Year-End Encumbrances	<u>\$ 73,899</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>\$</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures	<u>\$ 277,304</u> (C3)
Other Restricted Fund Balance	<u>\$ 1,956,102</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>\$</u> (C5)
Additional Assigned Fund Balance - Designated for Subsequent Year's Expenditures July 1, 2019 - August 1, 2019	<u>\$</u> (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u>\$ 741,038</u> (U1)

LONG HILL TOWNSHIP SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

SECTION 3

Restricted Fund Balance - Excess Surplus [(U1)-(M)] IF NEGATIVE, ENTER -0- \$ 260,000 (E)

Recapitulation of Excess Surplus as of June 30, 2019

Excess Surplus - Designated for Subsequent Year's Expenditures \$ 277,304 (C3)

Excess Surplus [(E)] \$ 260,000 (E)

Total [(C3)+(E)] \$ 537,304 (D)

Detail of Allowable Adjustments

Impact Aid \$ _____ (H)

Sale & Lease-back \$ _____ (I)

Extraordinary Aid \$ 120,480 (J1)

Additional Nonpublic School Transportation Aid \$ 19,788 (J2)

Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)] \$ 140,268 (K)

Detail of Other Restricted Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal \$ _____

Sale/Lease-back Reserve \$ _____

Capital Reserve \$ 1,656,052

Waiver Offset Reserve \$ _____

Emergency Reserve \$ _____

Maintenance Reserve \$ 300,050

Tuition Reserve \$ _____

Other State/Government Mandated Reserve \$ _____

Other Restricted Fund Balance Not Noted Above \$ _____

Total Other Restricted Fund Balance \$ 1,956,102 (C4)

LONG HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

1. Administrative Practices and Procedures

None
2. Financial Planning, Accounting and Reporting
 - a. All employees are paid in accordance with their contract.
 - b. All timesheets maintained for all per diem employees and for employee extra pay.
 - c. All active employees are listed on the position control roster.
 - d. Employee health benefit contributions are always calculated properly.
 - e. An analysis of balance for payroll accounts be prepared and that any unallocated balances be transferred back to the General Fund.
 - f. The District maintain documentation to support that the December 2018 Board Secretary's Report was submitted to the County Superintendent within 60 days of the December month-end.
 - g. Appropriation refunds are posted to the appropriate budget line and transfers are made when necessary to ensure that appropriation lines are not over-expended.
3. School Purchasing Program

None
4. School Food Service
 - a. The District file for performance based lunch reimbursement in a timely manner.
5. Student Body Activities
 - a. A receipts journal that indicates the date of the receipt is maintained and collections are deposited in a timely manner for the Student Activities fund.
 - b. A fee schedule is created, and board approved is received for payment of athletic officials.
 - c. Claimant signatures be obtained prior to the release of payment, purchase orders be created prior to the purchase of goods or services to ensure the availability of funds and that receipts of goods signatures are obtained for all purchases prior to the release of payment in the student activities accounts.
 - d. More care be taken when recording adjusting entries in the student activities accounts.
6. Application for State School Aid

None
7. Pupil Transportation

None

LONG HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY OF RECOMMENDATIONS
FISCAL YEAR ENDED JUNE 30, 2019

It is recommended that:

8. Facilities and Capital Assets

None

8. Travel Expense and Reimbursement Policy

All travel expense be segregated from all other activities and charged to the 580 account line to ensure that the total amount of travel for the year does not exceed the maximum amount approved in the minutes.

9. Status of Prior Year's Findings/Recommendations

The prior year recommendations regarding the proper classification of accounts payable and encumbrances, prompt deposit of receipts, political contribution disclosure forms, federal awards and state financial assistance budgeting and timely student activity deposits were resolved in the current year.