

**LONG HILL TOWNSHIP**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**LONG HILL TOWNSHIP BOARD OF EDUCATION  
LONG HILL TOWNSHIP, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by**

**LONG HILL TOWNSHIP BOARD OF EDUCATION  
DEPARTMENT OF ADMINISTRATION**

**LONG HILL TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS**

	<u>PAGE</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	7-9
<b>Required Supplementary Information – Part I</b> Management's Discussion and Analysis	11
 <b>Basic Financial Statements</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
B-4 Statement of Fund Net Position	22
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	23
B-6 Statement of Cash Flows	24
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
 <b>Notes to the Financial Statements</b>	 27-56
 <b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	59-64
C-1A Combining Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual	65
C-2 Budgetary Comparison Schedule-Special Revenue Fund	66
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	68

**LONG HILL TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
(Continued)**

<b>FINANCIAL SECTION (Continued)</b>		<u><b>PAGE</b></u>
<b>Required Supplementary Information – Part III</b>		
L.	Schedule Related to Accounting & Reporting for Pensions (GASB68):	
L-1	Schedule of District's Proportionate Share of the Net Pension Liability-TPAF	70
L-2	Schedule of Pension Contribution-TPAF	70
L-3	Schedule of District's Proportionate Share of the Net Pension Liability-PERS	71
L-4	Schedule of Pension Contribution-PERS	71
	<b>Notes to the Required Supplementary Information - Part III</b>	72-73
<b>Other Supplemental Information</b>		
D.	School Level Schedule	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Program Revenue and Expenditures Special Revenue Fund-Budgetary Basis	77
F.	Capital Projects Fund:	
F-1	Summary Schedule of Project Expenditures	79
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis	80
F-2a	Schedule of Project Revenues, Expenditures, Project Balance to	
F-2d	and Project Status-Budgetary Basis	81-84
G.	Proprietary Funds	
	Enterprise Fund:	
G-1	Statement of Fund Net Position	86
G-2	Statement of Revenues, Expenses and Changes in Fund Net Position	87
G-3	Statement of Cash Flows	88
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Fund Net Position	90
H-2	Statement of Changes in Fiduciary Net Position	91
H-3	Student Activity Agency Fund Statement of Changes in Assets and Liabilities	92
H-4	Payroll Agency Fund Statement of Changes in Assets and Liabilities	93
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	95
I-2	Debt Service Fund Budgetary Comparison Schedule	96
I-3	Obligations Under Capital Leases	97

**LONG HILL TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
(Continued)**

**PAGE**

**STATISTICAL SECTION (Unaudited)**

Table of Contents	99
J-1 Net Position by Component	100
J-2 Changes in Net Position	101-103
J-3 Fund Balances, Governmental Funds	104
J-4 Changes in Fund Balances, Governmental Funds	105
J-5 General Fund-Other Local Revenues by Source	106
J-6 Assessed Value and Actual Value of Taxable Property	107
J-7 Direct and Overlapping Property Tax Rates	108
J-8 Principal Property Taxpayers	109
J-9 Property Tax Levies and Collections	110
J-10 Ratios of Outstanding Debt by Type	111
J-11 Ratios of General Bonded Debt Outstanding	112
J-12 Direct and Overlapping Governmental Activities Debt	113
J-13 Legal Debt Margin Information	114
J-14 Demographic and Economic Statistics	115
J-15 Principal Employers	116
J-16 Full Time Equivalent District Employees by Function/Program	117
J-17 Operating Statistics	118
J-18 School Building Information	119
J-19 Required Maintenance	120
J-20 Insurance Schedule	121

**SINGLE AUDIT SECTION**

K-1 Independent Auditor's Report-Government Auditing Standards	123-124
K-2 Independent Auditor's Report-OMB Circular A-133	125-127
K-3 Schedule of Expenditures of Federal Awards, Schedule A	128
K-4 Schedule of Expenditures State Financial Assistance, Schedule B	129-130
K-5 Notes to the Schedules of Awards and Financial Assistance	131-132
K-6 Schedule of Findings and Questioned Costs	133-135
K-7 Summary Schedule of Prior Audit Findings	135

**INTRODUCTORY SECTION**

THE LONG HILL TOWNSHIP BOARD OF EDUCATION  
759 Valley Road  
Gillette, NJ 07933

**John Esposito**  
**Business Administrator**  
**Board Secretary**

**Phone 908-647-1200**  
**Fax 908-647-7818**  
**E-Mail [jesposito@longhill.org](mailto:jesposito@longhill.org)**

December 7, 2015

Honorable President and Members  
of the Board of Education  
Long Hill Township School District  
County of Morris  
Gillette, New Jersey 07933

Dear Board Members:

The comprehensive annual financial report of the Long Hill Township School District (District) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A - 133, Audits of State and Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 15 - 08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditors' report on compliance and on internal control over financial reporting and compliance with requirements applicable to each major program and internal control over compliance, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Long Hill Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Long Hill Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for students qualifying for those services. The District's year-end enrollment for the 2014-15 fiscal year was 821 students, which is 34 students lower than the previous year's enrollment. Enrollment in the district is projected to decline over the next several years according to a demographic study that was compiled for the school district in March 2010 and updated in 2013.

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2014-15	821	(4.0%)
2013-14	855	(3.1%)
2012-13	882	(5.9%)
2011-12	937	(1.8%)
2010-11	954	(7.5%)
2009-10	1031	.02%
2008-09	1028	(3.5%)
2007-08	1065	(1.5%)
2006-07	1081	(2.9%)
2005-06	1113	(.01%)

**2) ECONOMIC CONDITION AND OUTLOOK:** The past five operating budgets developed by the Long Hill Board of Education have restricted overall spending which resulted in minimal year-to-year tax levy increases. Over that time, the current fund tax levy rose by a weighted average of 1.2%, well below the 2.0% allowable increase. This average includes a decrease of (0.23%) in the current fund tax levy in the 2012-13 budget. Being fiscally prudent with the annual budget has allowed the Board to raise its unreserved balance (surplus) to the maximum of 2.0% of the district's general fund. This money is considered an 'emergency' fund to use for unanticipated district needs.

Long Hill has also slowly built up both its maintenance and capital reserve funds. By setting aside money in these operational accounts Long Hill has been able to perform much-needed roof restoration at all three schools. At the same time the district was able to take advantage of New Jersey grants that covered 40% of the entire project cost. Major HVAC work at Gillette, Millington and Central Schools was also partially financed by both capital reserve and grant money and is scheduled to be finished by the end of 2015.

The budget, as reviewed and approved by the Executive County Superintendent, reflects numerous instances of shared services and joint purchasing to help reduce costs. The budget also met all of the efficiency standards established by the New Jersey Department of Education.

**3. MAJOR INITIATIVES:** During the 2014-15 school year, the district continued to implement the teacher observation mandate using the Danielson Evaluation Framework. Funding for training teachers and other staff has been increased. More courses and training sessions are being conducted in-district by Long Hill staff. The school district continues to focus on the needs created by the increase in required student testing. The technology budget has been increased each year as testing takes place on devices instead of paper. Nine new servers will replace existing ones over the summer of 2015. Chromebook carts have been purchased for each school and the district aims to have one device for each student and teacher in 2016. More technology training will be provided to help teachers incorporate the use of Chromebooks into their lesson plans.

The district continues to focus on areas such as: implementation of data driven instruction; purchasing Chromebooks for students and staff; replacement of computers as needed throughout the district; buying iPads for student use, primarily in special education areas; providing Smart Boards and document cameras to teachers to enhance instruction in the classroom; and working as a professional learning community with the Watchung, Green Brook and Watchung Hills Regional High School District to continue the joint curriculum mapping project that allows teachers to share curriculum resources.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2015 and the amount and percentages of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Inc./(Dec.) from 2013-14	
			Dollars	Percent
Local Sources:				
Tax Levy: General	\$14,206,695	86.46%	\$101,057	0.72%
Tax Levy: Debt Service	\$921,150	5.61%	(\$290,742)	-23.99%
State Aid	\$839,556	5.11%	(\$10,950)	-1.29%
Other	\$215,462	1.31%	\$10,268	5.00%
Federal Aid	\$249,041	1.52%	\$4,426	1.81%
Total	\$16,431,904	100.00%	(\$185,941)	-1.12%

The following table presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2015:

Expense	Amount	Percent of Total	Inc./(Dec.) from 2013-14	
			Dollars	Percent
Current Expense	\$14,447,661	90.45%	\$506,586	3.63%
Capital Outlay	\$273,247	1.71%	(\$396,935)	-59.23%
Special Projects	\$298,591	1.87%	(\$19,515)	-6.13%
Debt Service				
Principal	\$525,000	3.29%	(\$300,000)	-36.36%
Interest	\$429,331	2.69%	(\$38,750)	-8.28%
Total	\$15,973,830	100.00%	(\$248,614)	-1.53%

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

The increase in other revenue is primarily due to tuition from other local education agencies (LEAs). The Debt Service decrease is due to a slight variation in the payment schedule for outstanding bonds.

**8) DEBT ADMINISTRATION:** At June 30, 2015, the District's outstanding debt issues increased from the previous year and totaled \$11,209,000 of general obligation bonds.

**9) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Notes 1 and 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in NJ, where the funds are secured in accordance with the Act.

**10) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board participates in joint insurance workmen's compensation and health benefits trusts with other districts.

**11) OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano, Jr. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended by the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 15-08. The Auditors' report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**12) ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Long Hill Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

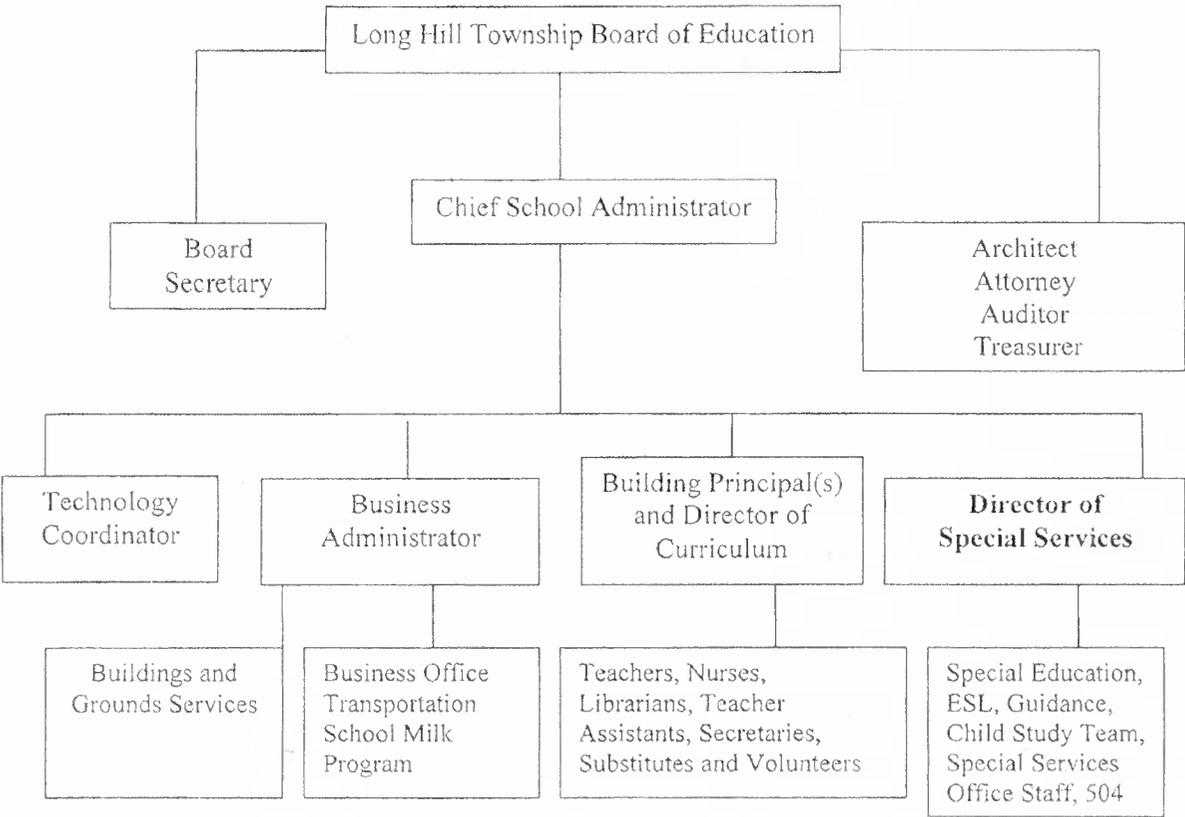
Respectfully submitted,

John Petrelli  
Interim School Superintendent

John Esposito  
Business Administrator/Board Secretary

Organizational Chart

Policy 2120



BOARD OF EDUCATION  
LONG HILL TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION TERM EXPIRES

Rita Barone, President	2015
Nicholas Stevens, Vice President	2017
Steven Brown	2015
David Carn	2017
Matthew DiGiorgio	2016
Richard Girards, Jr.	2015
Marta Moakley	2016
Karen Nyquist	2016
Jordana Raban	2017

OTHER OFFICIALS

Dr. René Rovtar, Superintendent of Schools

John Esposito, Business Administrator/Board Secretary

**Long Hill Township Board of Education  
Consultants and Advisors**

**Audit Firm**

William Colantano, Jr.  
100 Route 31 North  
Washington, NJ 07882

**Attorney**

Schwartz, Simon, Edelstein, & Celso  
100 South Jefferson Road  
Suite 200  
Whippany, New Jersey 07981

**Official Depositories**

PNC Bank  
1057 Valley Road  
Stirling, NJ 07980

**FINANCIAL SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

December 7, 2015

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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board'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.

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**LONG HILL TOWNSHIP PUBLIC SCHOOL DISTRICT****MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The discussion and analysis of Long Hill Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- In total, net position increased \$1,843,671 from 2014.
- General revenues accounted for \$19,255,636 or 97.53 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants and contributions accounted for \$488,220 or 2.47 percent of total revenues of \$19,743,856.
- Total assets of governmental activities increased by \$2,526,791 as cash and cash equivalents increased by \$1,117,729, receivables and other assets increased by \$1,073,821 and capital assets increased by \$335,241.
- The School District had \$18,987,459 in expenses; only \$488,220 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$19,255,636 were adequate to provide for these programs.
- Among major funds, the General Fund had \$16,574,751 in revenues and \$16,117,677 in expenditures. The General Fund's balance increased \$457,074 from 2014.

## **Using this Generally Accepted Accounting Principles Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Long Hill Township Public School District as a financial whole, an entire operation entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

## **Reporting the School District as a Whole**

### **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

**Table 1  
Net Position**

<b>Assets</b>	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Current and Other Assets	\$5,065,996	\$2,867,331	\$2,198,665	76.68%
Capital Assets	\$32,890,875	\$32,555,634	\$335,241	1.03%
<b>TOTAL ASSETS</b>	<b>\$37,956,871</b>	<b>\$35,422,965</b>	<b>\$2,533,906</b>	<b>7.15%</b>
Deferred Outflows of Resources	\$265,649	\$113,291	\$152,358	134.48%

<b>Liabilities</b>	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Long-term liabilities	\$14,546,410	\$13,817,873	\$728,537	5.27%
Other liabilities	\$ 0	\$320,981	(\$320,981)	-100.00%
<b>TOTAL LIABILITIES</b>	<b>\$14,546,410</b>	<b>\$14,138,854</b>	<b>\$407,556</b>	<b>2.88%</b>
Deferred Inflows of Resources	\$171,144	\$ 0	\$171,144	--

<b>Net Position</b>	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Net Investment in Capital Assets	\$21,681,875	\$22,285,634	(\$603,759)	-2.71%
Restricted	\$3,795,434	\$1,514,987	\$2,280,447	150.53%
Unrestricted	(\$2,236,236)	(\$2,403,219)	\$166,983	6.95%
<b>TOTAL NET POSITION</b>	<b>\$23,241,073</b>	<b>\$21,397,402</b>	<b>\$1,843,671</b>	<b>8.62%</b>

Total assets increased \$2,533,906. Cash and cash equivalents increased by \$1,116,159, receivables and other assets increased by \$1,082,506 and capital assets increased by \$335,241. Unrestricted net position of the School District, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, increased by \$166,983.

Table 2 shows the changes in net position from fiscal year 2014.

**Table 2**  
**Changes in Net Position**

Revenues	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Program Revenues:				
Charges for Services	\$180,944	\$192,713	(\$11,769)	-6.11%
Operating Grants & Contributions	\$307,276	\$326,372	(\$19,096)	-5.85%
Capital Grants & Contributions	\$ -	\$1,309,812	(\$1,309,812)	--
General Revenues:				
Property Taxes	\$15,127,845	\$15,317,530	(\$189,685)	-1.24%
Unrestricted Grants	\$4,079,433	\$2,013,937	\$2,065,496	102.56%
Investment Income	\$2,238	\$2,209	\$29	1.31%
Other	\$46,120	\$14,732	\$31,388	213.06%
<b>TOTAL REVENUES</b>	<b>\$19,743,856</b>	<b>\$19,177,305</b>	<b>\$566,551</b>	<b>2.95%</b>
<b>Program Expenses</b>				
Instruction:				
Regular	\$7,648,481	\$6,033,482	\$1,614,999	26.77%
Special Education	\$2,875,287	\$2,516,391	\$358,896	14.26%
Other-Extracurricular Activities	\$ -	\$96,958	(\$96,958)	-100.00%
Support Services:				
Tuition	\$451,199	\$373,716	\$77,483	20.73%
Students & Instruction Related Services	\$3,422,924	\$3,167,895	\$255,029	8.05%
General & Business Admin.	\$916,395	\$899,858	\$16,537	1.84%
School Administration	\$865,078	\$841,903	\$23,175	2.75%
Maintenance	\$1,513,949	\$1,387,211	\$126,738	9.14%
Transportation	\$776,862	\$725,505	\$51,357	7.08%
Food Service-Milk Program	\$15,239	\$14,103	\$1,136	8.06%
Transfer to Charter Schools	\$58,986	\$55,637	\$3,349	--
Interest on Long Term Debt	\$443,059	\$451,154	(\$8,095)	-1.79%
<b>TOTAL EXPENSES</b>	<b>\$18,987,459</b>	<b>\$16,563,813</b>	<b>\$2,423,646</b>	<b>14.63%</b>
<b>Increase (Decrease) Net Position</b>	<b>\$756,397</b>	<b>\$2,613,492</b>	<b>(\$1,857,095)</b>	<b>-71.06%</b>

## Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 76.62 percent of revenues for governmental activities for the Long Hill Township Public School District for fiscal year 2015.

Instruction comprised 55.42 percent of district expenses. Support service expenses make up 42.25 percent of the expenses and interest expense equals 2.33 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Cost of Services**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$10,523,768	\$8,646,831	\$10,424,458	\$8,380,545
Support Services:				
Tuition	\$451,199	\$373,716	\$244,357	\$179,561
Students and Instructional Staff	\$3,422,924	\$3,167,895	\$3,341,601	\$3,018,345
General and Business Admin.	\$916,395	\$899,858	\$916,395	\$884,815
School Administration	\$865,078	\$841,903	\$865,078	\$828,657
Plant Operations & Maintenance	\$1,513,949	\$1,387,211	\$1,484,904	\$1,446,464
Pupil Transportation	\$776,862	\$725,505	\$728,676	\$672,023
Food Services-Milk Program	\$15,239	\$14,103	(\$7,275)	(\$9,683)
Transfer to Charter Schools	\$58,986	\$55,637	\$58,986	\$55,637
Interest on Long Term Debt	\$443,059	\$451,154	\$442,059	\$451,154
<b>Total</b>	<b>\$18,987,459</b>	<b>\$16,563,813</b>	<b>\$18,499,239</b>	<b>\$15,907,518</b>

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

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

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

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

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities general revenue support is 97.53 percent. The community, as a whole, is the primary support for the Long Hill Township Public School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,795,492, expenditures of \$18,078,143 and a bond sale of \$1,464,000. The net change in fund balance for the year was most significant in the Capital Projects Fund, an increase of \$723,275. The School District is able to meet current operating costs with no urgent need for additional funds.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District used program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources was \$274,113 over original budgeted estimates of \$14,943,654. This difference was due primarily to additional state aid and tuition income.

The General fund expenditures and other financing uses of the School district were under revenues by \$463,678. The financial position of the School District continues to gain strength, and the Board and administration are still permitting only purchases of items essential to teaching and learning in order to maintain its fund balance.

### Capital Assets

At the end of the fiscal year 2015, the School District had \$32,890,875 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$8,567,700	\$8,567,700	\$0	0.00%
Construction in Progress	\$1,371,123	\$1,162,207	\$208,916	17.98%
Buildings and Improvements	\$22,565,133	\$22,535,927	\$29,206	0.13%
Machinery and Equipment	\$294,722	\$217,047	\$77,675	35.79%
Vehicles	\$92,197	\$72,753	\$19,444	26.73%
<b>Total</b>	<b>\$32,890,875</b>	<b>\$32,555,634</b>	<b>\$335,241</b>	<b>1.03%</b>

Overall capital assets increased \$335,241 from fiscal year 2014 to fiscal year 2015. Increases in capital assets were offset by depreciation expenses for the year.

### Debt Administration

At June 30, 2015, the School District had \$14,459,659 as outstanding debt. Of this amount, \$378,858 is for compensated absences, and the balance of \$14,080,801 is for bonds for school construction and PERS net pension liability.

At June 30, 2015, the School District's overall legal debt margin was \$48,956,831 and the unvoted debt margin was \$37,747,113.

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

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
ISSUE				
2004 School Bonds	\$0	\$500,000	(\$500,000)	-100.00%
2014 School Bonds	\$1,464,000	\$0	\$1,464,000	--
2012 Refunding School Bonds	\$9,745,000	\$9,770,000	(\$25,000)	-0.26%
<b>Total</b>	<b>\$11,209,000</b>	<b>\$10,270,000</b>	<b>\$939,000</b>	<b>9.14%</b>

### **For the Future**

The Long Hill Township Public School financial condition continues to be strong. Each year is a new challenge as the district continues to strive to keep any budget increase low while maintaining excellence in the classroom. Long Hill again was able to contribute to its capital and maintenance reserve accounts to fund projects intended to keep its buildings safe. However, future finances are hard to predict as state mandates continue to grow and aid to schools is held flat or decreased.

Long Hill Township is primarily a residential community, with very few ratables; thus the burden is placed primarily on homeowners to absorb the tax burden. Legislation that placed a cap on any annual current fund tax levy increase has been in place for several years. This limitation restricts the ability of schools to create an annual budget that supports education while being fair to taxpayers. Each year new pieces of legislation aimed at limiting taxes are proposed, which presents an annual challenge to school administration to provide an excellent education within strict financial constraints.

The Long Hill Township Public School District's system for financial management, budgeting, and internal financial controls is solidly in place, and the district plans to continue and enhance its sound fiscal policies in the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the revenues it receives. If you have questions about this report or need additional information please contact John Esposito, School Business Administrator/Board Secretary, Long Hill Township Board of Education, 759 Valley Road, Gillette, NJ 07933 or via email at [jesposito@longhill.org](mailto:jesposito@longhill.org).

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 994,029	\$ 18,464	\$ 1,012,493
Receivables, Net	1,567,083	798	1,567,881
Internal Balances	(22,307)	22,307	
Restricted Assets:			
Cash & Cash Equivalents	2,485,622		2,485,622
Capital Assets, Net (Note 4):			
Land and Construction in Progress	9,938,823		9,938,823
Other Capital Assets, Net of Depreciation	22,952,052		22,952,052
Total Assets	<u>37,915,302</u>	<u>41,569</u>	<u>37,956,871</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount of Pension Activity	<u>265,649</u>	<u>-</u>	<u>265,649</u>
<b>LIABILITIES</b>			
Accounts Payable	16,433	947	17,380
Accrued Interest	201,723		201,723
Payable to Governments	25,238		25,238
Unearned Revenue	19,552		19,552
Long-Term Liabilities (Note 5):			
Due Within One Year	676,426		676,426
Due Beyond One Year	13,869,984		13,869,984
Total Liabilities	<u>14,809,356</u>	<u>947</u>	<u>14,810,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount of Pension Activity	<u>171,144</u>	<u>-</u>	<u>171,144</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,681,875		21,681,875
Restricted For:			
Capital Reserve	1,691,075		1,691,075
Maintenance Reserve	126,620		126,620
Debt Service	998		998
Capital Projects	1,976,741		1,976,741
Unrestricted	<u>(2,276,858)</u>	<u>40,622</u>	<u>(2,236,236)</u>
TOTAL NET POSITION	<u>\$ 23,200,451</u>	<u>\$ 40,622</u>	<u>\$ 23,241,073</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
<b>Government Activities:</b>								
Instruction:								
Regular	\$ 4,483,503	\$ 3,164,978	\$ 32,830	\$ 10,426		\$ (7,605,225)		\$ (7,605,225)
Special Education	1,519,534	1,053,922	56,054			(2,517,402)		(2,517,402)
Other Special Education	212,585	89,246				(301,831)		(301,831)
Support Services:								
Tuition	451,199			206,842		(244,357)		(244,357)
Students & Instruction Related Services	2,259,136	1,163,788		81,323		(3,341,601)		(3,341,601)
General & Business Administrative Services	651,025	265,370				(916,395)		(916,395)
School Administrative Services	559,572	305,506				(865,078)		(865,078)
Plant Operations & Maintenance	1,497,745	16,204	29,045			(1,484,904)		(1,484,904)
Pupil Transportation	776,862		48,186			(728,676)		(728,676)
Transfer to Charter Schools	58,986					(58,986)		(58,986)
Interest & Other Charges on Long-Term Debt	443,059		1,000			(442,059)		(442,059)
<b>Total Government Activities</b>	<b>12,913,206</b>	<b>6,059,014</b>	<b>167,115</b>	<b>298,591</b>	<b>\$ -</b>	<b>(18,506,514)</b>	<b>\$ -</b>	<b>(18,506,514)</b>
<b>Business-Type Activities:</b>								
Food Service-Milk Fund	15,239		13,829	8,685			7,275	7,275
<b>Total Primary Government</b>	<b>\$ 12,928,445</b>	<b>\$ 6,059,014</b>	<b>\$ 180,944</b>	<b>\$ 307,276</b>	<b>\$ -</b>	<b>(18,506,514)</b>	<b>7,275</b>	<b>(18,499,239)</b>
			<b>General Revenues, Transfers &amp; Special Items</b>					
						14,206,695		14,206,695
						921,150		921,150
						4,079,433		4,079,433
						2,227	11	2,238
						46,120		46,120
						19,255,625	11	19,255,636
						749,111	7,286	756,397
						22,451,340	33,336	22,484,676
						\$ 23,200,451	\$ 40,622	\$ 23,241,073

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 994,029				\$ 994,029
Receivables from Other Governments:					
State	204,204	\$ 4,917	\$ 1,309,812		1,518,933
Federal		42,199			42,199
Other Receivables	5,951				5,951
Due from Other Funds	21,876				21,876
Restricted Cash & Cash Equivalents	1,817,695		666,929	\$ 998	2,485,622
<b>TOTAL ASSETS</b>	<u>\$ 3,043,755</u>	<u>\$ 47,116</u>	<u>\$ 1,976,741</u>	<u>\$ 998</u>	<u>\$ 5,068,610</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 16,433				\$ 16,433
Due to Other Funds	22,307	\$ 21,876			44,183
Payable to Governments:					
State		25,238			25,238
Unearned Revenue	19,550	2			19,552
<b>Total Liabilities</b>	<u>58,290</u>	<u>47,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>105,406</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus	\$ 271,115				\$ 271,115
Excess Surplus-Designated for Subsequent Year's Expenditures	295,456				295,456
Capital Projects Fund Balance			\$ 1,976,741		1,976,741
Debt Service Fund Balance				\$ 998	998
Committed Fund Balance:					
Capital Reserve Account	1,691,075				1,691,075
Maintenance Reserve Account	126,620				126,620
Assigned Fund Balance:					
Year-End Encumbrances	209,792				209,792
Unassigned Fund Balance	391,407				391,407
Total Fund Balances	<u>2,985,465</u>	<u>\$ -</u>	<u>1,976,741</u>	<u>998</u>	<u>4,963,204</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,043,755</u>	<u>\$ 47,116</u>	<u>\$ 1,976,741</u>	<u>\$ 998</u>	

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

Capital assets used in government activities are not financial resources & therefore  
are not reported in the funds. The cost of the assets is  
and the accumulated depreciation is

\$ 42,459,552	
<u>9,568,677</u>	
	32,890,875

Deferred outflows and inflows of resources related to pensions are applicable to future periods and  
therefore, are not reported in the funds

94,505

Long-term liabilities, including bonds payable, are not due & payable in the current period  
& therefore are not reported as liabilities in the funds

(14,546,410)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as  
an expenditure when due

(201,723)

Total Net Position of Governmental Activities

\$ 23,200,451

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 14,206,695			\$ 921,150	\$ 15,127,845
Tuition Charges-Other LEAs	56,054				56,054
Tuition Charges-Individual Students	32,830				32,830
Interest on Investments	2,227				2,227
Miscellaneous	123,351		\$ 998		124,349
<b>Total</b>	<b>14,421,157</b>	<b>\$ -</b>	<b>998</b>	<b>921,150</b>	<b>15,343,305</b>
State Sources	2,153,594	49,550			2,203,144
Federal Sources		249,041			249,041
<b>Total Revenues</b>	<b>16,574,751</b>	<b>298,591</b>	<b>998</b>	<b>921,150</b>	<b>17,795,490</b>
<b>EXPENDITURES</b>					
Current:					
Instructional:					
Regular Instruction	4,473,077	10,426			4,483,503
Special Education Instruction	1,519,534				1,519,534
Other Special Instruction	212,585				212,585
Support Service & Undistributed Costs:					
Tuition	244,357	206,842			451,199
Student & Instruction Related Services	2,177,813	81,323			2,259,136
General & Business Administrative Services	651,025				651,025
School Administrative Services	559,572				559,572
Plant Operations & Maintenance	1,499,746				1,499,746
Pupil Transportation	776,862				776,862
Unallocated Benefits	3,637,692				3,637,692

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 273,247		\$ 740,725		\$ 1,013,972
Transfer of Funds to Charter Schools	58,986				58,986
Debt Service:					
Principal				\$ 525,000	525,000
Interest & Other Charges	33,181			396,150	429,331
Total Expenditures	<u>16,117,677</u>	<u>\$ 298,591</u>	<u>740,725</u>	<u>921,150</u>	<u>18,078,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>457,074</u>	<u>-</u>	<u>(739,727)</u>		<u>(282,653)</u>
Other Financing Sources (Uses):					
Proceeds from Bond Sale			1,464,000		1,464,000
Transfers			(998)	998	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,463,002</u>	<u>998</u>	<u>1,464,000</u>
Net Change in Fund Balance	457,074	-	723,275	998	1,181,347
Fund Balances, July 1	<u>2,528,391</u>		<u>1,253,466</u>		<u>3,781,857</u>
Fund Balances, June 30	<u>\$ 2,985,465</u>	<u>\$ -</u>	<u>\$ 1,976,741</u>	<u>\$ 998</u>	<u>\$ 4,963,204</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ 1,181,347
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:</p>		
Capital Outlays	\$ 1,015,975	
Depreciation Expense	<u>(680,734)</u>	335,241
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and are not reported in the statement of activities:</p>		
Debt Principal Payments		525,000
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities. The issuance of debt increase long-term liabilities in the statement of net assets:</p>		
Proceeds of Bond Issue		(1,464,000)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense</p>		
		(16,964)
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred &amp; amortized in the statement of activities:</p>		
Amortization of Bond Premium		6,426
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		(20,154)
<p>In the statement of activities, compensated absences &amp; early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>202,215</u>
Change in Net Position of Governmental Activities		<u>\$ 749,111</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Milk Service Fund
Current Assets:	
Cash & Cash Equivalents	\$ 18,464
Receivables from Other Governments:	
Federal	798
Due from Other Funds	22,307
Total Current Assets	<u>41,569</u>
Noncurrent Assets:	
Capital Assets	3,906
Less: Accumulated Depreciation	<u>3,906</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>41,569</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>947</u>
Total Liabilities	<u>947</u>
NET POSITION	
Unrestricted	<u>40,622</u>
TOTAL NET POSITION	<u>\$ 40,622</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 13,829
Total Operating Revenues	13,829
Other Expenses:	
Cost of Sales	13,119
Supplies and Materials	2,120
Total Operating Expenses	15,239
Operating Income (Loss)	(1,410)
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	8,685
Interest Earned on Investments	11
Total Nonoperating Revenues (Expenses)	8,696
Change in Net Position	7,286
Net Position, Beginning	33,336
Net Position, Ending	\$ 40,622

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,829
Payments to Vendors (Net)	(15,410)
Net Cash Provided by (Used For) Operating Activities	(1,581)
Cash Flows from Noncapital Financing Activities:	
Interfund Receivable	8,697
Federal Sources	(8,697)
Net Cash Provided by (Used For) Noncapital Financing Activities	-
Cash Flows from Investing Activities:	
Interest Earned on Investments	11
Net Cash Flows from Investing Activities	11
Net Increase (Decrease) in Cash and Cash Equivalents	(1,570)
Cash and Cash Equivalents, July 1, 2014	20,034
Cash and Cash Equivalents, June 30, 2015	\$ 18,464
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (1,410)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) for Operating Activities:	
Increase (Decrease) in Accounts Payable	(171)
Net Cash Provided by (Used For) Operating Activities	\$ (1,581)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 158,200	\$ 56,108	\$ 76,551
Due from Other Funds	37,375		
<b>Total Assets</b>	<b>195,575</b>	<b>56,108</b>	<b>76,551</b>
<b>LIABILITIES</b>			
Accounts Payable	528		
Due to Other Funds			37,375
Due to Student Groups		56,108	
Payroll Deductions & Withholdings			39,176
<b>Total Liabilities</b>	<b>528</b>	<b>56,108</b>	<b>76,551</b>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 195,047</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Plan Members	\$ 13,480
Investment Earnings-Interest	68
Total Additions	13,548
DEDUCTIONS	
Unemployment Claims	1,662
Change in Net Position	11,886
Net Position, Beginning of the Year	183,161
Net Position, End of the Year	\$ 195,047

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

### A. Reporting Entity

The District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2015 of 831 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Milk Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund Types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as a unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Land values are recorded based on information provided by the Township.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Vehicles	5 to 10

K. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

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

N. Fund Balances-Governmental Funds (Cont'd)

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2015  
 (Continued)

**NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES** (Cont'd)

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

**NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash and Cash Equivalents		<u>\$ 3,788,974</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 3,479,651
Enterprise Fund, Statement of Net Position	B-4	18,464
Fiduciary Funds, Statement of Net Position	B-7	<u>290,859</u>
Total Cash and Cash Equivalents		<u>\$ 3,788,974</u>

Deposits - The District's carrying amount of bank deposits and investments at June 30, 2015 is \$3,788,974 and the bank balance is \$4,078,737. Of the bank balance, \$250,000 is covered by federal depository insurance and \$3,828,737 is insured by GUDPA.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

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

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
  - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
  - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district has no investments.

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 8,567,700			\$ 8,567,700
Construction in Progress	1,162,207	\$ 785,300	\$ 576,384	1,371,123
<b>Total</b>	<u>9,729,907</u>	<u>785,300</u>	<u>576,384</u>	<u>9,938,823</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 4. CAPITAL ASSETS (Cont'd)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets, Being				
Depreciated:				
Building & Improvements	\$ 30,851,240	\$ 668,009		\$ 31,519,249
Furniture & Equipment	750,970	108,252		859,222
Vehicles	111,460	30,798		142,258
Total	<u>31,713,670</u>	<u>807,059</u>	<u>\$ -0-</u>	<u>32,520,729</u>
Accumulated Depreciation:				
Building & Improvements	8,315,313	638,803		8,954,116
Furniture & Equipment	533,923	30,577		564,500
Vehicles	38,707	11,354		50,061
Total	<u>8,887,943</u>	<u>680,734</u>	<u>-0-</u>	<u>9,568,677</u>
Total Capital Assets, Being Depreciated, Net	<u>22,825,727</u>	<u>126,325</u>	<u>-0-</u>	<u>22,952,052</u>
Transfers	<u>-0-</u>	<u>(576,384)</u>	<u>(576,384)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,555,634</u>	<u>\$ 335,241</u>	<u>\$ -0-</u>	<u>\$ 32,890,875</u>
Business-Type Activities:				
Furniture & Equipment	\$ 3,906			\$ 3,906
Less: Accum Depreciation	<u>3,906</u>			<u>3,906</u>
Business-Type Activities Capital Assets, Net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

Instruction:	
Regular	\$ 307,622
Special Education	104,258
Other Special Instruction	14,586
Support Services:	
Student & Instruction	155,003
General & Business Admin	44,668
School Administration	38,393
Plant & Maintenance	<u>16,204</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 680,734</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 5. LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 10,270,000	\$ 1,464,000	\$ 525,000	\$ 11,209,000	\$ 670,000
Bond Premium	93,177		6,426	86,751	6,426
PERS Net Pension Liability	2,871,801		1,822	2,871,801	
Compensated Absences Payable	581,073		202,215	378,858	
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,817,873</u>	<u>\$ 1,464,000</u>	<u>\$ 735,463</u>	<u>\$ 14,546,410</u>	<u>\$ 676,426</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2015 including interest payments are listed as follows:

<u>Year Ending June 30, _____</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 670,000	\$ 420,819	\$ 1,090,819
2017	715,000	385,587	1,100,587
2018	735,000	365,637	1,100,637
2019	760,000	345,137	1,105,137
2020	785,000	317,937	1,102,937
2021-2025	4,209,000	1,140,974	5,349,974
2026-2029	3,335,000	339,600	3,674,600
Total	<u>\$ 11,209,000</u>	<u>\$ 3,315,691</u>	<u>\$ 14,524,691</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)**

General Obligation Bonds – General obligation school building bonds at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$1,464,000 - 2014 general obligation school building bonds, interest at 2.00% to 2.50% due in annual installments beginning Jan 15, 2016 through Jan 15, 2024	\$ 1,464,000
\$9,880,000 – 2012 general obligation refunding bonds, interest from 3.00% to 4.00% due in annual installments beginning Jan 15, 2014 through Jan 15, 2029	<u>9,745,000</u>
	<u>\$ 11,209,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2015 is \$48,956,831. General obligation debt at June 30, 2015 is \$11,209,718, resulting in a legal debt margin of \$37,747,113.

**NOTE 6. PENSION PLANS**

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pension and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

A. Public Employees' Retirement 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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

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

The following represents the membership tiers for PERS:

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

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

**Allocation Methodology and Reconciliation to Financial Statements**

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

**Contributions**

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

**Collective Net Pension Liability and Actuarial Information**

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 5,993,007	\$ 5,604,154
Plan Fiduciary Net Position	<u>3,121,206</u>	<u>2,730,531</u>
Net Pension Liability	<u>\$ 2,871,801</u>	<u>\$ 2,873,623</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases (Based on Age):	
2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%
Investment Rate of Return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. 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 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 2,871,801
At a 1% Lower Rate (4.39%)	3,612,823
At a 1% Higher Rate (6.39%)	2,249,531
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 2,873,623
At a 1% Lower Rate (4.55%)	3,577,282
At a 1% Higher Rate (6.55%)	2,284,050

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	90,305	
Net difference between projected and actual earnings on pension plan investments		171,144

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 48,895	
District contributions subsequent to the measurement date	<u>126,449</u>	
Total	<u>\$ 265,649</u>	<u>\$ 171,144</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$126,449 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 106,905	\$ 16,600	\$ 90,305
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	213,930	42,786	<u>171,144</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (80,839)</u>

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

<u>Year Ending June 30,</u>	
2015	\$ (26,186)
2016	(26,186)
2017	(26,186)
2018	(26,186)
2019	16,600
Thereafter	<u>7,305</u>
Total	<u>\$ (80,839)</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

**Pension Expense**

For the year ended June 30, 2015, the District recognized net pension expense of \$143,413 which represents the District's proportionate share of allocable plan pension expense of \$147,647 plus the net amortization of deferred amounts from changes in proportion of \$8,988 and less other adjustments to the net pension liability of \$13,222. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 134,366
Interest on Total Pension Liability	317,024
Member Contributions	(73,585)
Administrative Expense	2,241
Expected Investment Return Net of Investment Expense	(205,301)
Pension Expense Related to Specific Liabilities of Individual Employers	(912)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	16,600
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(42,786)</u>
Pension Expense	<u>\$ 147,647</u>

B. Teacher's Pension and Annuity Fund (TPAF)

**Plan Description**

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

The following represents the membership tiers for TPAF:

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

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

**Special Funding Situation**

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS** (Cont'd)

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

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 35,790,018	\$33,336,637
Employer Pension Expense & Related Revenue	1,925,839	N/A
Non-Employer Contribution	284,455	427,212
Allocable Proportionate Percentage	.0669638876%	.0659619221%

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 for 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 6. PENSION PLANS (Cont'd)**

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 876,983	100%
06/30/14	747,765	100%
06/30/13	908,159	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 126,449	100%
06/30/14	113,291	100%
06/30/13	115,967	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$538,052 to the TPAF for post-retirement medical benefits and \$22,748 for non-contributory insurance premiums and \$316,183 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$486,605 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

## NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits and the state contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefits Program who retired from a board of education or county college with 25 years of service. In fiscal year 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

**Plan Description**-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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



LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 68	\$ 13,480	\$ 1,662	\$ 195,047
2013-2014	50,000	68	12,755	11,304	183,161
2012-2013	29,701	60	12,777	14,319	131,642

**NOTE 12. LEGAL RESERVE ACCOUNTS**

A capital reserve account was established by the District by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 12. LEGAL RESERVE ACCOUNTS (Cont'd)**

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this statute, the District deposited \$500,000 to the Capital Reserve Account. The District also budgeted an additional \$250,000 to the Capital Reserve account in the current year.

The following is a summarization of the Legal Reserve Accounts for the Current year.

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Unused With-drawal	With-drawal	Ending Balance
Capital	\$ 1,191,075	\$ 500,000				\$ 1,691,075
Maintenance	157,720				\$ 31,100	126,620
Totals	\$ 1,348,795	\$ 500,000	\$ -0-	\$ -0-	\$ 31,100	\$ 1,817,695

**NOTE 13. FUND BALANCES-BUDGETARY BASIS**

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	2015	2014
Committed:		
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 1,691,075	\$ 1,191,075
Maintenance Reserve Account-Represents funds restricted for the required maintenance of a school facility	126,620	157,720
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	271,115	295,456
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	295,456	357,684
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	209,792	116,301
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	451,233	463,377
Total Fund Balance	<u>\$ 3,045,291</u>	<u>\$ 2,581,613</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 14. CALCULATION OF EXCESS SURPLUS**

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$271,115.

**NOTE 15: SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 7, 2015, which is the date the financial statements were available to be issued and no additional item was noted for disclosure.

**NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

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

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015  
(Continued)

**NOTE 16: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

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

**NOTE 17. RESTATEMENT OF PRIOR YEAR NET POSITION**

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 24,124,398
Add: Deferred Outflow of Resources for Pension Activity	113,291
Additional State Project Grant	1,087,274
Less: Net Pension Liability as of June 30, 2014	<u>(2,873,623)</u>
Net Position, June 30, 2014 as Restated	<u>\$ (22,451,340)</u>

**NOTE 18. DEFICIT BALANCE IN UNRESTRICTED NET POSITION**

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$2,276,858 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

**REQUIRED SUPPLEMENTARY INFORMATION-PART II**

**BUDGETARY COMPARISON SCHEDULES**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 14,206,695		\$ 14,206,695	\$ 14,206,695	
Tuition-Other LEAs				56,054	\$ 56,054
Tuition-Individuals	22,500		22,500	32,830	10,330
Transportation Fees-Individuals	40,000		40,000	48,186	8,186
Interest on Investments				2,227	2,227
Interest Earned on Capital Reserve Funds	500		500		(500)
Unrestricted Miscellaneous Revenues	33,500		33,500	75,165	41,665
<b>Total</b>	<b>14,303,195</b>	<b>\$ -</b>	<b>14,303,195</b>	<b>14,421,157</b>	<b>117,962</b>
State Sources:					
Categorical Special Education Aid	542,296		542,296	542,296	
Categorical Security Aid	12,108		12,108	12,108	
Categorical Transportation Aid	56,278		56,278	56,278	
Adjustment Aid	13,477		13,477	13,477	
PARCC Readiness Aid	8,150		8,150	8,150	
Per Pupil Growth Aid	8,150		8,150	8,150	
Extraordinary Aid				144,319	144,319
Non Public Transportation Aid				11,832	11,832
On-Behalf TPAF Pension Contributions				338,931	338,931
On-Behalf TPAF Post Retirement Medical Benefits				538,052	538,052
Reimbursed TPAF Social Security Contribution				486,605	486,605
<b>Total</b>	<b>640,459</b>	<b>-</b>	<b>640,459</b>	<b>2,160,198</b>	<b>1,519,739</b>
<b>TOTAL REVENUES</b>	<b>\$ 14,943,654</b>	<b>\$ -</b>	<b>\$ 14,943,654</b>	<b>\$ 16,581,355</b>	<b>\$ 1,637,701</b>
<b>EXPENDITURES</b>					
Current:					
Regular Programs:					
Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 236,035	\$ 15,878	\$ 251,913	\$ 251,913	
Grades 1-5	1,932,566	132,108	2,064,674	2,057,315	\$ 7,359
Grades 6-8	1,642,710	35,640	1,678,350	1,676,222	2,128
Home Instruction					
Salaries of Teachers	5,000	(2,791)	2,209	2,209	
Undistributed Instruction					
Purchased Professional-Educational Services	192,000	(1,021)	190,979	137,413	53,566
Other Purchased Services	151,850	(76,584)	75,266	75,146	120
General Supplies	284,301	33,285	317,586	250,687	66,899
Textbooks	84,991	(49,860)	35,131	20,483	14,648
Other Objects	2,580	(891)	1,689	1,689	
<b>Total</b>	<b>4,532,033</b>	<b>85,764</b>	<b>4,617,797</b>	<b>4,473,077</b>	<b>144,720</b>
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	51,017	8,727	59,744	59,744	
Other Salaries for Instruction	33,413	2,100	35,513	35,513	
General Supplies	30,740	(29,525)	1,215	1,215	
<b>Total</b>	<b>115,170</b>	<b>(18,698)</b>	<b>96,472</b>	<b>96,472</b>	<b>-</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Special Education: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 1,180,772	\$ 26,763	\$ 1,207,535	\$ 1,207,535	
General Supplies	13,783	(3,527)	10,256	8,914	\$ 1,342
Total	1,194,555	23,236	1,217,791	1,216,449	1,342
Autism:					
Salaries of Teachers	67,817	(10,831)	56,986	56,986	
Other Salaries for Instruction	33,063	4,317	37,380	37,380	
General Supplies	2,430	(856)	1,574	1,574	
Total	103,310	(7,370)	95,940	95,940	-
Pre-School Disabilities-Part Time:					
Salaries of Teachers	86,443	(16,459)	69,984	69,984	
Other Salaries for Instruction	36,636	1,606	38,242	38,242	
General Supplies	4,900	(3,680)	1,220	1,220	
Total	127,979	(18,533)	109,446	109,446	-
Special Education-Home Instruction:					
Salaries of Teachers	5,000	(3,773)	1,227	1,227	
Total Special Education	1,546,014	(25,138)	1,520,876	1,519,534	1,342
Basic Skills/Remedial:					
Salaries of Teachers	160,781	2,063	162,844	162,844	
General Supplies	900	(900)			
Total	161,681	1,163	162,844	162,844	-
Bilingual Education:					
Salaries of Teachers	56,748	(7,498)	49,250	49,250	
Other Purchased Services	550	(550)			
General Supplies	972	(481)	491	491	
Total	58,270	(8,529)	49,741	49,741	-
School-Sponsored Co-Curricular Activities:					
Salaries	4,000	5,419	9,419		9,419
Other Purchased Services	3,800		3,800		3,800
Other Objects	1,925	(1,925)			
Total	9,725	3,494	13,219	-	13,219

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
School Sponsored Athletics:					
Supplies & Materials		\$ 1,506	\$ 1,506		\$ 1,506
Total	\$ -	1,506	1,506	\$ -	1,506
Total Instruction Regular	\$ 6,307,723	\$ 58,260	\$ 6,365,983	\$ 6,205,196	\$ 160,787
Undistributed Expenditures:					
Instruction Tuition:					
Other LEAs Within the State-Special	\$ 115,311	\$ 5,027	\$ 120,338	\$ 120,338	
Private School for Disabled Within the State	225,733	(101,714)	124,019	124,019	
Total	341,044	(96,687)	244,357	244,357	\$ -
Health Services:					
Salaries	269,700	3,276	272,976	272,976	
Purchased Professional & Technical Services	5,000	(440)	4,560	4,560	
Supplies & Materials	5,000	6,987	11,987	11,822	165
Total	279,700	9,823	289,523	289,358	165
Speech, OT, PT & Related Services:					
Salaries	347,550	(7,962)	339,588	339,588	
Purchased Professional-Educational Services	54,000	(5,000)	49,000	39,500	9,500
Supplies & Materials	3,500	3,305	6,805	6,528	277
Total	405,050	(9,657)	395,393	385,616	9,777
Other Support Services Students-Extra Services:					
Salaries	520,748	(35,612)	485,136	485,136	
Purchased Professional-Educational Services	98,400	(27,745)	70,655	70,655	
Supplies & Materials	7,800	1,596	9,396	9,396	
Total	626,948	(61,761)	565,187	565,187	-
Guidance:					
Salaries of Other Professional Staff	147,117	952	148,069	148,069	
Other Purchased Professional & Technical Services	8,360	(5,151)	3,209	3,209	
Other Purchased Services	1,000	(1,000)			
Supplies & Materials	4,840	(576)	4,264	2,814	1,450
Total	161,317	(5,775)	155,542	154,092	1,450
Child Study Teams:					
Salaries of Other Professional Staff	300,826	(185)	300,641	300,641	
Salaries of Secretarial & Clerical Assistants	84,517	9,910	94,427	94,427	
Purchased Professional-Educational Services	75,750	5,719	81,469	80,744	725
Other Purchased Professional & Technical Services	12,000	(1,262)	10,738	10,738	
Miscellaneous Purchased Services	11,580	(8,725)	2,855	2,855	
Supplies & Materials	10,500	2,318	12,818	10,937	1,881
Total	495,173	7,775	502,948	500,342	2,606

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 59,138	\$ (9,856)	\$ 49,282	\$ 49,282	
Salaries of Other Professional Staff		9,856	9,856	9,856	
Salaries of Secretarial & Clerical Assistants	11,552	2,532	14,084	14,084	
Other Purchased Services	900	(900)			
Total	71,590	1,632	73,222	73,222	\$ -
Educational Media Service/School Library:					
Salaries	166,380	11,124	177,504	177,504	
Purchased Professional & Technical Services	3,000	(1,467)	1,533	1,533	
Other Purchased Services	500	(500)			
Supplies & Materials	98,809	(73,432)	25,377	25,377	
Total	268,689	(64,275)	204,414	204,414	-
Instructional Staff Training Services:					
Purchased Professional- Educational Services	1,500	4,649	6,149	5,582	567
Other Purchased Services	45,000	(45,000)			
Supplies & Materials	2,330	(2,330)			
Total	48,830	(42,681)	6,149	5,582	567
Support Services-General Administration:					
Salaries	206,277	9,448	215,725	215,725	
Legal Services		36,653	36,653	27,193	9,460
Audit Services		22,500	22,500	22,500	
Other Purchased Professional Services		650	650	650	
Communications/Telephone		2,540	2,540	2,540	
BOE Other Purchased Services		220	220	220	
Miscellaneous Purchased Services		4,820	4,820	4,820	
General Supplies		1,381	1,381	1,381	
Miscellaneous Expenditures		6,409	6,409	6,409	
BOE Membership Dues & Fees		7,888	7,888	7,888	
Total	206,277	92,509	298,786	289,326	9,460
Support Services-School Administration:					
Salaries of Principals/Ass't Principals/Program Direct	318,031		318,031	318,031	
Salaries of Secretarial & Clerical Assistants	234,334	(1,769)	232,565	232,565	
Other Purchased Services		1,725	1,725	1,725	
Supplies & Materials	39	5,285	5,324	5,324	
Other Objects		2,137	2,137	1,927	210
Total	552,404	7,378	559,782	559,572	210
Central Services:					
Salaries	257,765	(3,101)	254,664	254,664	
Supplies & Materials		8,577	8,577	8,360	217
Miscellaneous Purchased Services		1,337	1,337	1,337	
Total	257,765	6,813	264,578	264,361	217
Administrative Information Technology:					
Salaries	97,282	56	97,338	97,338	-

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	\$ 137,404	\$ 33,857	\$ 171,261	\$ 165,664	\$ 5,597
General Supplies	158,921	(102,967)	55,954	55,954	
Total	296,325	(69,110)	227,215	221,618	5,597
Custodial Services:					
Salaries	15,000	(908)	14,092	14,092	
Purchased Professional & Technical Services	872,964	(1,692)	871,272	871,004	268
Cleaning, Repair, & Maintenance Services	5,000	(5,000)			
Other Purchased Property Services	28,500	(3,355)	25,145	25,145	
Insurance	92,000	(9,455)	82,545	82,545	
Miscellaneous Purchased Services	16,000	(16,000)			
General Supplies	3,000	(3,000)			
Energy (Electricity)	400,000	(105,714)	294,286	285,342	8,944
Total	1,432,464	(145,124)	1,287,340	1,278,128	9,212
Student Transportation Services:					
Contract Serv--Aid in Lieu Pymts--Non-Public Schools	51,480	(51,480)			
Contract Serv (Between Home & School)-Vendor	441,593	(17,863)	423,730	423,730	
Contr Serv (Other Than Btw Home & Sch)-Vendors	2,000	505	2,505	2,505	
Contract Serv (Spec Educ Students)-Joint Agreement	329,359	(21,572)	307,787	298,830	8,957
Miscellaneous Purchased Services-Transportation	24,000	27,797	51,797	51,797	
Total	848,432	(62,613)	785,819	776,862	8,957
Unallocated Benefits--Employee Benefits:					
Social Security Contributions	140,000	10,545	150,545	150,545	
Other Retirement Contributions-PERS	150,000	(23,551)	126,449	126,449	
Unemployment Compensation	25,000	(25,000)			
Workmen's Compensation	93,200	(20,238)	72,962	72,962	
Health Benefits	1,963,551	(97,461)	1,866,090	1,866,090	
Tuition Reimbursement	35,000	(24,020)	10,980	10,980	
Other Employee Benefits	100,000	403,061	503,061	47,078	455,983
Total	2,506,751	223,336	2,730,087	2,274,104	455,983
On-Behalf TPAF Pension Contributions				338,931	(338,931)
On-Behalf TPAF Post Retirement Medical Benefits				538,052	(538,052)
Reimbursed TPAF Social Security Contribution				486,605	(486,605)
Total	-	-	-	1,363,588	(1,363,588)
Total Undistributed Expenditures	\$ 8,896,041	\$ (208,361)	\$ 8,687,680	\$ 9,547,067	\$ (859,387)
TOTAL CURRENT	\$ 15,203,764	\$ (150,101)	\$ 15,053,663	\$ 15,752,263	\$ (698,600)
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Grades 1-5		\$ 29,603	\$ 29,603	\$ 16,026	\$ 13,577
Support Services-Students-Regular	\$ 50,000	34,265	84,265	84,265	
Required Maintenance for School Facilities	4,695	37,015	41,710	41,710	
Custodial Services	30,798		30,798	30,798	
Security		26,775	26,775	26,775	
Total	85,493	127,658	213,151	199,574	13,577

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
CAPITAL OUTLAY (Cont'd)					
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	\$ 22,525	\$ 23,900	\$ 46,425	\$ 42,075	\$ 4,350
Other Purchased Prof and Tech Services		498	498	498	
Construction Services	1,955	29,145	31,100	31,100	
Assessment for Debt Service on SDA Funding	33,181		33,181	33,181	
Total	<u>57,661</u>	<u>53,543</u>	<u>111,204</u>	<u>106,854</u>	<u>4,350</u>
TOTAL CAPITAL OUTLAY	<u>\$ 143,154</u>	<u>\$ 181,201</u>	<u>\$ 324,355</u>	<u>\$ 306,428</u>	<u>\$ 17,927</u>
Transfer of Funds to Charter Schools	<u>\$ 70,221</u>	<u>\$ -</u>	<u>\$ 70,221</u>	<u>\$ 58,986</u>	<u>\$ 11,235</u>
TOTAL EXPENDITURES	<u>\$ 15,417,139</u>	<u>\$ 31,100</u>	<u>\$ 15,448,239</u>	<u>\$ 16,117,677</u>	<u>\$ (669,438)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (473,485)	\$ (31,100)	\$ (504,585)	\$ 463,678	\$ 968,263
Fund Balances, July 1	<u>1,930,583</u>	<u>(500,000)</u>	<u>1,430,583</u>	<u>2,581,613</u>	<u>1,151,030</u>
Fund Balances, June 30	<u>\$ 1,457,098</u>	<u>\$ (531,100)</u>	<u>\$ 925,998</u>	<u>\$ 3,045,291</u>	<u>\$ 2,119,293</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (116,301)		\$ (116,301)	\$ (116,301)	
Increase in Capital Reserve	500	\$ 500,000	500,500	500,000	\$ (500)
Withdrawal from Maintenance Reserve		(31,100)	(31,100)	(31,100)	
Budgeted Fund Balance	<u>(357,684)</u>	<u>(500,000)</u>	<u>(857,684)</u>	<u>111,079</u>	<u>968,763</u>
TOTAL	<u>\$ (473,485)</u>	<u>\$ (31,100)</u>	<u>\$ (504,585)</u>	<u>\$ 463,678</u>	<u>\$ 968,263</u>
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2015-2016 Budget				\$ 295,456	
Current Year-Designated for 2016-2017 Budget				<u>271,115</u>	
					\$ 566,571
Committed Fund Balance:					
Capital Reserve				1,691,075	
Maintenance Reserve				<u>126,620</u>	
					1,817,695
Assigned Fund Balance:					
Year-End Encumbrances					209,792
Unassigned Fund Balance					<u>451,233</u>
					3,045,291
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					<u>(59,826)</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 2,985,465</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

LONG HILL TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources		\$ 2	\$ 2		\$ (2)
State Sources	\$ 69,188	5,600	74,788	49,550	(25,238)
Federal Sources	270,166	(5,597)	264,569	249,041	(15,528)
<b>TOTAL REVENUES</b>	<u>\$ 339,354</u>	<u>\$ 5</u>	<u>\$ 339,359</u>	<u>\$ 298,591</u>	<u>\$ (40,768)</u>
<b>EXPENDITURES</b>					
Instruction:					
Other Purchased Services	\$ 10,665		\$ 10,665		\$ 10,665
General Supplies	4,860	\$ 5	4,865		4,865
Textbooks	10,426		10,426	\$ 10,426	
<b>Total</b>	<u>25,951</u>	<u>5</u>	<u>25,956</u>	<u>10,426</u>	<u>15,530</u>
Support Services:					
Purchased Professional and Technical Services	86,847		86,847	61,609	25,238
Other Purchased Services	19,714		19,714	19,714	
Tuition	206,842		206,842	206,842	
<b>Total</b>	<u>313,403</u>	<u>-</u>	<u>313,403</u>	<u>288,165</u>	<u>25,238</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 339,354</u>	<u>\$ 5</u>	<u>\$ 339,359</u>	<u>\$ 298,591</u>	<u>\$ 40,768</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART II

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 16,581,355	\$ 298,591
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	53,222	
State Aid Receivable Current Year	(59,826)	
Total Revenues (GAAP Basis)	\$ 16,574,751	\$ 298,591
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 16,117,677	\$ 298,591
Total Expenditures (GAAP Basis)	\$ 16,117,677	\$ 298,591

**REQUIRED SUPPLEMENTARY INFORMATION-PART III**

ONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		35,790,018	33,336,637							
Total	\$ -	\$ 35,790,018	\$ 33,336,637	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 6,463,514	\$ 6,383,823							
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

N/A = Not Available

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 338,931	\$ 283,285	\$ 426,216	\$ 209,551	\$ 20,755	\$ 22,534	\$ 21,916	\$ 481,048	N/A	\$ 64,191
Contributions in Relation to the Contractually Required Contribution	(338,931)	(283,285)	(426,216)	(209,551)	(20,755)	(22,534)	(21,916)	(481,048)		(64,191)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 6,724,784	\$ 6,463,514	\$ 6,383,823	\$ 6,561,591	\$ 6,375,266	\$ 6,533,458	\$ 6,482,260	\$ 6,448,917	N/A	\$ 6,048,515
Contributions as a Percentage of Covered Employee Payroll	5.04%	4.38%	6.68%	3.19%	0.33%	0.34%	0.34%	7.46%	N/A	1.06%

N/A = Not Available

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0153385750%	0.0150357095%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 2,871,801	\$ 2,873,623							
District's Covered Employee Payroll	N/A	968,092	1,006,266	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		296.65%	285.57%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							

N/A = Not Available

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 126,449	\$ 113,291	\$ 115,967	\$ 110,591	\$ 146,794	\$ 138,103	\$ 70,361	\$ 93,473	N/A	\$ 28,510
Contributions in Relation to the Contractually Required Contribution	(126,449)	(113,291)	(115,967)	(110,591)	(146,794)	(138,103)	(70,361)	(93,473)		(28,510)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 1,078,481	\$ 968,092	\$ 1,006,266	\$ 1,031,709	\$ 1,017,279	\$ 928,626	\$ 1,508,554	\$ 1,555,754	N/A	\$ 1,408,334
Contributions as a Percentage of Covered Employee Payroll	11.72%	11.70%	11.52%	10.72%	14.43%	14.87%	4.66%	6.01%	N/A	2.02%

N/A = Not Available

**INOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION-PART III  
(UNAUDITED)

JUNE 30, 2014 AND 2013

**NOTE 1. SPECIAL FUNDING SITUATION-TPAF**

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

**OTHER SUPPLEMENTAL INFORMATION**

**SCHOOL LEVEL SCHEDULES**

(NOT APPLICABLE TO THIS REPORT)

## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	NCLB Title IIA	IDEA Basic	IDEA Preschool	NJ Non-Public Technology	NJ Non-Public Nursing	NJ Non-Public Textbooks	NJ Non-Public 192 / 193	Total
<b>REVENUES</b>								
State Sources				\$ 5,600	\$ 16,219	\$ 10,426	\$ 17,305	\$ 49,550
Federal Sources	\$ 19,714	\$ 218,240	\$ 11,087					249,041
<b>TOTAL REVENUES</b>	<u>\$ 19,714</u>	<u>\$ 218,240</u>	<u>\$ 11,087</u>	<u>\$ 5,600</u>	<u>\$ 16,219</u>	<u>\$ 10,426</u>	<u>\$ 17,305</u>	<u>\$ 298,591</u>
<b>EXPENDITURES</b>								
Instruction:								
Textbooks						\$ 10,426		\$ 10,426
Total	\$ -	\$ -	\$ -	\$ -	\$ -	10,426	\$ -	10,426
Support Services:								
Purchased Professional and Technical Services		22,485		5,600	16,219		17,305	61,609
Other Purchased Services	19,714							19,714
Tuition		195,755	11,087					206,842
Total	<u>19,714</u>	<u>218,240</u>	<u>11,087</u>	<u>5,600</u>	<u>16,219</u>	<u>-</u>	<u>17,305</u>	<u>288,165</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 19,714</u>	<u>\$ 218,240</u>	<u>\$ 11,087</u>	<u>\$ 5,600</u>	<u>\$ 16,219</u>	<u>\$ 10,426</u>	<u>\$ 17,305</u>	<u>\$ 298,591</u>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/15
			Prior Years	Current Year	
Central Middle School Upgrades to HVAC System	03/11/14	\$ 860,600		\$ 143,063	\$ 717,537
Gillette Elementary School Upgrades to HVAC System	03/11/14	435,000		73,877	361,123
Millington Elementary School Upgrades to HVAC System	03/11/14	659,930		100,658	559,272
Millington Elementary School Partial Roof Replacement	03/11/14	1,319,000	\$ 556,346	423,127	339,527
Totals		\$ 3,274,530	\$ 556,346	\$ 740,725	\$ 1,977,459

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:	
Local Sources:	
Bond Proceeds	<u>\$ 1,464,000</u>
Total Revenues	<u>1,464,000</u>
Expenditures and Other Financing Uses:	
Capital Project Expenditures	<u>740,725</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	 723,275
Fund Balance-Beginning	<u>1,253,466</u>
Fund Balance-Ending	<u>\$ 1,976,741</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS CENTRAL MIDDLE SCHOOL UPGRADES TO HVAC SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant	\$ 344,240		\$ 344,240	\$ 344,240
Local Sources:				
Bond Proceeds		\$ 516,000	516,000	516,360
Total Revenues	344,240	516,000	860,240	860,600
Expenditures and Other Financing Uses:				
Professional Fees		71,523	71,523	71,000
Construction Services		71,540	71,540	789,600
Total Expenditures	-	143,063	143,063	860,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 344,240	\$ 372,937	\$ 717,177	\$ -
<u>Additional Project Information:</u>				
Project Number	4000-060-14-1001			
Grant Date	06/18/14			
Original Bonds Authorized Date	03/11/14			
Bonds Authorized	\$ 516,360			
Bonds Issued	\$ 516,000			
Original Authorized Cost	\$ 860,600			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 860,600			
Percentage Complete	16.62%			

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS GILLETTE ELEMENTARY SCHOOL UPGRADES TO HVAC SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant	\$ 174,000		\$ 174,000	\$ 174,000
Local Sources:				
Bond Proceeds		\$ 261,000	261,000	261,000
Total Revenues	174,000	261,000	435,000	435,000
Expenditures and Other Financing Uses:				
Professional Fees		41,537	41,537	36,000
Construction Services		32,340	32,340	399,000
Total Expenditures	-	73,877	73,877	435,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 174,000	\$ 187,123	\$ 361,123	\$ -
<u>Additional Project Information:</u>				
Project Number	4000-060-14-1002			
Grant Date	06/18/14			
Original Bonds Authorized Date	03/11/14			
Bonds Authorized	\$ 261,000			
Bonds Issued	\$ 261,000			
Original Authorized Cost	\$ 435,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 435,000			
Percentage Complete	16.98%			

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS MILLINGTON ELEMENTARY SCHOOL UPGRADES TO HVAC SYSTEM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant	\$ 263,972		\$ 263,972	\$ 263,972
Local Sources:				
Bond Proceeds		\$ 395,600	395,600	395,958
Total Revenues	<u>263,972</u>	<u>395,600</u>	<u>659,572</u>	<u>659,930</u>
Expenditures and Other Financing Uses:				
Professional Fees		57,538	57,538	54,500
Construction Services		43,120	43,120	605,430
Total Expenditures	<u>-</u>	<u>100,658</u>	<u>100,658</u>	<u>659,930</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 263,972</u>	<u>\$ 294,942</u>	<u>\$ 558,914</u>	<u>\$ -</u>
<u>Additional Project Information:</u>				
Project Number	4000-060-14-1003			
Grant Date	06/18/14			
Original Bonds Authorized Date	03/11/14			
Bonds Authorized	\$ 395,958			
Bonds Issued	\$ 395,600			
Original Authorized Cost	\$ 659,930			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 659,930			
Percentage Complete	15.25%			

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS-BUDGETARY BASIS MILLINGTON ELEMENTARY SCHOOL PARTIAL ROOF REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant	\$ 527,600		\$ 527,600	\$ 527,600
Local Sources:				
Bond Proceeds		\$ 291,400	291,400	291,400
Transfer in from Capital Reserve	500,000		500,000	500,000
Total Revenues	<u>1,027,600</u>	<u>291,400</u>	<u>1,319,000</u>	<u>1,319,000</u>
Expenditures and Other Financing Uses:				
Architectural/Engineering		12,687	12,687	59,000
Construction Services	556,346	410,440	966,786	1,260,000
Total Expenditures	<u>556,346</u>	<u>423,127</u>	<u>979,473</u>	<u>1,319,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 471,254</u>	<u>\$ (131,727)</u>	<u>\$ 339,527</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	4000-060-14-1004			
Grant Date	06/18/14			
Original Bonds Authorized Date	03/11/14			
Bonds Authorized	\$ 291,400			
Bonds Issued	\$ 291,400			
Original Authorized Cost	\$ 1,319,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,319,000			
Percentage Complete	74.26%			

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION  
MILK SERVICE ENTERPRISE FUND  
JUNE 30, 2015

	<u>Milk Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 18,464
Receivables from Other Governments:	
Federal	798
Due from Other Funds	<u>22,307</u>
Total Current Assets	<u>41,569</u>
Noncurrent Assets:	
Capital Assets	3,906
Less: Accumulated Depreciation	<u>3,906</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>41,569</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>947</u>
Total Liabilities	<u>947</u>
NET POSITION	
Unrestricted	<u>40,622</u>
TOTAL NET POSITION	<u>\$ 40,622</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
MILK SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 13,829
Total Operating Revenues	<u>13,829</u>
Other Expenses:	
Cost of Sales	13,119
Supplies and Materials	2,120
Total Operating Expenses	<u>15,239</u>
Operating Income (Loss)	<u>(1,410)</u>
Nonoperating Revenues (Expenses):	
Federal Sources:	
Special Milk Program	8,685
Interest Earned on Investments	11
Total Nonoperating Revenues (Expenses)	<u>8,696</u>
Change in Net Position	7,286
Net Position, Beginning	<u>33,336</u>
Net Position, Ending	<u><u>\$ 40,622</u></u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
MILK SERVICE ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Milk Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 13,829
Payments to Vendors (Net)	(15,410)
Net Cash Provided by (Used For) Operating Activities	(1,581)
Cash Flows from Noncapital Financing Activities:	
Interfund Receivable	8,697
Federal Sources	(8,697)
Net Cash Provided by (Used For) Noncapital Financing Activities	-
Cash Flows from Investing Activities:	
Interest Earned on Investments	11
Net Cash Flows from Investing Activities	11
Net Increase (Decrease) in Cash and Cash Equivalents	(1,570)
Cash and Cash Equivalents, July 1, 2014	20,034
Cash and Cash Equivalents, June 30, 2015	\$ 18,464
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (1,410)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) for Operating Activities:	
Increase (Decrease) in Accounts Payable	(171)
Net Cash Provided by (Used For) Operating Activities	\$ (1,581)

## **FIDUCIARY FUND**

### **DETAIL STATEMENTS**

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 158,200	\$ 56,108	\$ 76,551	\$ 290,859
Due from Other Funds	37,375			37,375
<b>Total Assets</b>	<u>195,575</u>	<u>56,108</u>	<u>76,551</u>	<u>328,234</u>
<b>LIABILITIES</b>				
Accounts Payable	528			528
Due to Other Funds			37,375	37,375
Due to Student Groups		56,108		56,108
Payroll Deductions & Withholdings			39,176	39,176
<b>Total Liabilities</b>	<u>528</u>	<u>56,108</u>	<u>76,551</u>	<u>133,187</u>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 195,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,047</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
	<u>                    </u>
ADDITIONS	
Contributions:	
Plan Members	\$          13,480
Investment Earnings-Interest	68
Total Additions	<u>          13,548</u>
DEDUCTIONS	
Unemployment Claims	<u>                    1,662</u>
Change in Net Position	11,886
Net Position, Beginning of the Year	<u>          183,161</u>
Net Position, End of the Year	<u><u>          \$      195,047</u></u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 56,481	\$ 136,683	\$ 137,056	\$ 56,108
<b>TOTAL ASSETS</b>	<b>\$ 56,481</b>	<b>\$ 136,683</b>	<b>\$ 137,056</b>	<b>\$ 56,108</b>
<b>LIABILITIES</b>				
Due to Student Groups:				
Gillette School	\$ 3,150	\$ 3,793	\$ 4,017	\$ 2,926
Millington School	6,747	17,254	16,051	7,950
Central School	45,624	115,636	116,888	44,372
Longo Scholarship	960		100	860
<b>TOTAL LIABILITIES</b>	<b>\$ 56,481</b>	<b>\$ 136,683</b>	<b>\$ 137,056</b>	<b>\$ 56,108</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash & Cash Equivalents	\$ 163,991	\$ 11,691,030	\$ 11,778,470	\$ 76,551
TOTAL ASSETS	<u>\$ 163,991</u>	<u>\$ 11,691,030</u>	<u>\$ 11,778,470</u>	<u>\$ 76,551</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 71,531	\$ 6,431,858	\$ 6,473,649	\$ 29,740
Net Payroll	5,958	4,904,503	4,901,025	9,436
Interfund Payable	86,502	354,669	403,796	37,375
TOTAL LIABILITIES	<u>\$ 163,991</u>	<u>\$ 11,691,030</u>	<u>\$ 11,778,470</u>	<u>\$ 76,551</u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15	
			Date	Amount						
School Bonds of 2004	04/01/04	\$ 12,164,000			4.50%	\$ 500,000		\$ 500,000		
Refunding School Bonds of 2012	03/16/12	9,880,000	01/15/16	\$ 545,000	3.00%					
			01/15/17	565,000						
			01/15/18	580,000						
			01/15/19	600,000						
			01/15/20	620,000						
			01/15/21	645,000						
			01/15/22	675,000						
			01/15/23	700,000						
			01/15/24	725,000						
			01/15/25	755,000						
			01/15/26	790,000						
			01/15/27	815,000						
			01/15/28	850,000						
			01/15/29	880,000						4.00%
School Bonds of 2014	07/18/14	1,464,000	01/15/16	125,000	2.00%					
			01/15/17	150,000						
			01/15/18	155,000						
			01/15/19	160,000						
			01/15/20	165,000						
			01/15/21	170,000						
			01/15/22	175,000						2.25%
			01/15/23	180,000						2.50%
			01/15/24	184,000						
					\$ 10,270,000	\$ 1,464,000	\$ 525,000	\$ 11,209,000		

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 921,150		\$ 921,150	\$ 921,150	
Total Revenues	<u>921,150</u>	\$ -	<u>921,150</u>	<u>921,150</u>	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest	396,150		396,150	396,150	
Redemption of Principal	525,000		525,000	525,000	
Total Expenditures	<u>921,150</u>	<u>-</u>	<u>921,150</u>	<u>921,150</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Bond Premium				998	998
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 998</u>	<u>\$ 998</u>
Recapitulation of Excess (Deficiency) of Revenue Over (Under) Expenditures:					
Budgeted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 998</u>	<u>\$ 998</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(NOT APPLICABLE TO THIS REPORT)

**STATISTICAL SECTION**

LONG HILL TOWNSHIP SCHOOL DISTRICT  
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 16,618,387	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875
Restricted	2,176,838	452,565	118,474	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434
Unrestricted	(200,835)	(472,419)	(700,680)	(633,888)	36,864	124,544	222,266	210,364	(1,349,281)	(2,276,858)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 18,594,390	\$ 18,637,473	\$ 18,610,308	\$ 18,908,473	\$ 19,868,367	\$ 21,110,808	\$ 21,623,663	\$ 22,607,875	\$ 22,451,340	\$ 23,200,451
BUSINESS-TYPE ACTIVITIES										
Unrestricted	\$ 6,065	\$ 12,409	\$ 16,499	\$ 25,427	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,065	\$ 12,409	\$ 16,499	\$ 25,427	\$ 31,351	\$ 11,045	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 16,618,387	\$ 18,657,327	\$ 19,192,514	\$ 19,445,750	\$ 19,756,921	\$ 20,077,110	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875
Restricted	2,176,838	452,565	118,474	96,611	74,582	909,154	1,351,525	1,515,827	1,514,987	3,795,434
Unrestricted	(194,770)	(460,010)	(684,181)	(608,461)	68,215	135,589	243,765	234,005	(1,315,945)	(2,236,236)
TOTAL DISTRICT-WIDE	\$ 18,600,455	\$ 18,649,882	\$ 18,626,807	\$ 18,933,900	\$ 19,899,718	\$ 21,121,853	\$ 21,645,162	\$ 22,631,516	\$ 22,484,676	\$ 23,241,073

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>EXPENSES</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 5,589,700	\$ 5,727,464	\$ 5,871,643	\$ 5,620,816	\$ 5,603,517	\$ 5,852,056	\$ 6,141,698	\$ 6,294,323	\$ 6,033,482	\$ 7,648,481
Special Education	2,110,385	2,321,671	2,373,644	2,621,360	2,494,046	2,481,953	2,563,200	2,621,952	2,176,706	2,573,456
Other Instruction	52,184	58,942	56,521	75,330	21,811	25,502	19,579	14,067	436,643	301,831
Support Services:										
Tuition	361,762	340,974	513,412	502,813	804,488	645,210	662,714	517,792	373,716	451,199
Student & Instruction Related Services	2,091,227	2,315,009	2,436,315	2,465,804	2,531,533	2,561,944	2,930,424	3,097,528	3,167,895	3,422,924
General & Business Administrative Services	900,478	991,788	926,270	999,666	1,006,656	863,363	1,086,748	853,858	899,858	916,395
School Administrative Services	720,550	813,909	823,156	727,558	764,940	767,969	836,833	776,974	841,903	865,078
Plant Operations & Maintenance	1,542,286	1,572,505	1,578,975	1,665,687	1,387,920	1,352,905	1,440,633	1,439,681	1,472,539	1,513,949
Pupil Transportation	753,028	842,923	973,865	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862
Transfer to Charter Schools								38,307	55,637	58,986
Interest & Other Charges on Long-Term Debt	785,566	752,536	716,315	676,639	635,426	637,769	502,399	477,568	451,154	443,059
Total Governmental Activities Expenses	<u>14,907,166</u>	<u>15,737,721</u>	<u>16,270,116</u>	<u>16,232,172</u>	<u>16,322,141</u>	<u>16,131,713</u>	<u>17,090,671</u>	<u>17,012,309</u>	<u>16,635,038</u>	<u>18,972,220</u>
Business-Type Activities:										
Milk Service Fund	26,704	24,467	27,609	24,557	24,114	51,609	18,229	21,968	14,103	15,239
Total Business-Type Activities	<u>26,704</u>	<u>24,467</u>	<u>27,609</u>	<u>24,557</u>	<u>24,114</u>	<u>51,609</u>	<u>18,229</u>	<u>21,968</u>	<u>14,103</u>	<u>15,239</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 14,933,870</u>	<u>\$ 15,762,188</u>	<u>\$ 16,297,725</u>	<u>\$ 16,256,729</u>	<u>\$ 16,346,255</u>	<u>\$ 16,183,322</u>	<u>\$ 17,108,900</u>	<u>\$ 17,034,277</u>	<u>\$ 16,649,141</u>	<u>\$ 18,987,459</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services	\$ 22,269	\$ 16,212	\$ 21,800	\$ 22,750	\$ 62,850	\$ 340,272	\$ 283,327	\$ 284,780	\$ 177,193	\$ 167,115
Operating Grants & Contributions	381,471	394,014	397,079	402,258	475,695	491,581	341,490	344,643	318,106	298,591
Capital Grants & Contributions									1,309,812	
<b>Total Governmental Activities Program Revenues</b>	<b>403,740</b>	<b>410,226</b>	<b>418,879</b>	<b>425,008</b>	<b>538,545</b>	<b>831,853</b>	<b>624,817</b>	<b>629,423</b>	<b>1,805,111</b>	<b>465,706</b>
Business-Type Activities:										
Charges for Services:										
Milk Service	25,042	24,851	24,100	27,877	25,768	21,751	18,563	15,899	15,520	13,829
Operating Grants & Contributions	5,851	5,941	7,579	5,599	4,208	9,514	10,112	8,204	8,266	8,685
<b>Total Business-Type Activities Program Revenues</b>	<b>30,893</b>	<b>30,792</b>	<b>31,679</b>	<b>33,476</b>	<b>29,976</b>	<b>31,265</b>	<b>28,675</b>	<b>24,103</b>	<b>23,786</b>	<b>22,514</b>
<b>TOTAL DISTRICT-PROGRAM REVENUES</b>	<b>\$ 434,633</b>	<b>\$ 441,018</b>	<b>\$ 450,558</b>	<b>\$ 458,484</b>	<b>\$ 568,521</b>	<b>\$ 863,118</b>	<b>\$ 653,492</b>	<b>\$ 653,526</b>	<b>\$ 1,828,897</b>	<b>\$ 488,220</b>
<b>NET (EXPENSE) REVENUES</b>										
Governmental Activities	\$ (14,503,426)	\$ (15,327,495)	\$ (15,851,237)	\$ (15,807,164)	\$ (15,783,596)	\$ (15,299,860)	\$ (16,465,854)	\$ (16,382,886)	\$ (14,829,927)	\$ (18,506,514)
Business-Type Activities	4,189	6,325	4,070	8,919	5,862	(20,344)	10,446	2,135	9,683	7,275
<b>TOTAL DISTRICT-WIDE NET EXPENSES</b>	<b>\$ (14,499,237)</b>	<b>\$ (15,321,170)</b>	<b>\$ (15,847,167)</b>	<b>\$ (15,798,245)</b>	<b>\$ (15,777,734)</b>	<b>\$ (15,320,204)</b>	<b>\$ (16,455,408)</b>	<b>\$ (16,380,751)</b>	<b>\$ (14,820,244)</b>	<b>\$ (18,499,239)</b>
<b>GENERAL REVENUES &amp; OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 11,046,515	\$ 11,433,923	\$ 11,885,513	\$ 12,649,048	\$ 13,021,091	\$ 13,607,499	\$ 13,873,821	\$ 13,841,574	\$ 14,105,638	\$ 14,206,695
Property Taxes Levied for Debt Service	1,471,908	1,523,279	1,543,631	1,519,719	1,519,564	1,445,963	1,179,668	1,244,143	1,211,892	921,150
Unrestricted Grants & Contributions	1,855,022	2,227,977	2,334,149	1,897,379	2,052,300	1,411,610	1,802,687	2,204,491	2,013,937	4,079,433
Capital Grant-Unallocated	3,432,073									
Investment Earnings	186,340	55,145	32,672	13,861	5,683	3,322	3,539	2,864	2,197	2,227
Contribution-Equipment Acquisition					3,548	3,365				
Gain on Sale of Capital Assets							3,648		300	
Special Item-Insurance Claim Proceeds for Storm Damage								24,376	85,328	
Transfers									(50,000)	
Miscellaneous Income	86,572	130,254	28,107	25,322	141,304	70,542	115,346	49,650	64,432	46,120
<b>Total Governmental Activities</b>	<b>18,078,430</b>	<b>15,370,578</b>	<b>15,824,072</b>	<b>16,105,329</b>	<b>16,743,490</b>	<b>16,542,301</b>	<b>16,978,709</b>	<b>17,367,098</b>	<b>17,433,724</b>	<b>19,255,625</b>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 7	\$ 19	\$ 20	\$ 9	\$ 62	\$ 38	\$ 8	\$ 7	\$ 12	\$ 11
Total Business-Type Activities	7	19	20	9	62	38	8	7	12	11
TOTAL DISTRICT-WIDE	<u>\$ 18,078,437</u>	<u>\$ 15,370,597</u>	<u>\$ 15,824,092</u>	<u>\$ 16,105,338</u>	<u>\$ 16,743,552</u>	<u>\$ 16,542,339</u>	<u>\$ 16,978,717</u>	<u>\$ 17,367,105</u>	<u>\$ 17,433,736</u>	<u>\$ 19,255,636</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 3,575,004	\$ 43,083	\$ (27,165)	\$ 298,165	\$ 959,894	\$ 1,242,441	\$ 512,855	\$ 984,212	\$ 2,603,797	\$ 749,111
Business-Type Activities	4,196	6,344	4,090	8,928	5,924	(20,306)	10,454	2,142	9,695	7,286
TOTAL DISTRICT	<u>\$ 3,579,200</u>	<u>\$ 49,427</u>	<u>\$ (23,075)</u>	<u>\$ 307,093</u>	<u>\$ 965,818</u>	<u>\$ 1,222,135</u>	<u>\$ 523,309</u>	<u>\$ 986,354</u>	<u>\$ 2,613,492</u>	<u>\$ 756,397</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 75,132	\$ 75,132				\$ 100,000	\$ 336,001	\$ 593,685	\$ 653,140	\$ 566,571
Committed	66,178	73,982	\$ 74,182	\$ 74,382	\$ 74,582	909,154	1,349,319	1,467,819	1,348,795	1,817,695
Assigned	442,250	202,337	16,385	54,715	337,507	299,384	329,302	72,892	116,301	209,792
Unassigned	230,850	(14,596)	380	(12,521)	315,488	417,246	400,328	414,508	410,155	391,407
Total General Fund	<u>\$ 814,410</u>	<u>\$ 336,855</u>	<u>\$ 90,947</u>	<u>\$ 116,576</u>	<u>\$ 727,577</u>	<u>\$ 1,725,784</u>	<u>\$ 2,414,950</u>	<u>\$ 2,548,904</u>	<u>\$ 2,528,391</u>	<u>\$ 2,985,465</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 2,110,660	\$ 378,583	\$ 44,292	\$ 22,229					\$ 166,192	\$ 1,976,741
Assigned, Reported In:										
Debt Service Fund							\$ 2,206	\$ 48,008		998
Total All Other Governmental Funds	<u>\$ 2,110,660</u>	<u>\$ 378,583</u>	<u>\$ 44,292</u>	<u>\$ 22,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,206</u>	<u>\$ 48,008</u>	<u>\$ 166,192</u>	<u>\$ 1,977,739</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 12,518,423	\$ 12,957,202	\$ 13,429,144	\$ 14,168,767	\$ 14,540,655	\$ 15,053,462	\$ 15,053,489	\$ 15,085,717	\$ 15,317,530	\$ 15,127,845
Tuition Charges	5,645	15,712	21,800	22,750	62,850	246,890	202,359	205,543	51,596	88,884
Interest Earnings	186,340	55,145	32,672	13,861	5,683	3,322	3,539	2,864	2,197	2,227
Miscellaneous	105,515	130,754	43,182	63,432	151,307	170,289	206,474	132,733	151,401	124,351
State Sources	1,971,420	2,336,730	2,432,081	1,985,802	2,128,239	1,487,561	1,848,135	2,275,509	2,073,590	2,203,144
State Sources-Capital Projects	3,432,073								1,309,812	
Federal Sources	262,754	285,261	284,072	275,725	389,753	412,630	296,042	269,779	244,615	249,041
<b>Total Revenues</b>	<b>18,482,170</b>	<b>15,780,804</b>	<b>16,242,951</b>	<b>16,530,337</b>	<b>17,278,487</b>	<b>17,374,154</b>	<b>17,610,038</b>	<b>17,972,145</b>	<b>19,150,741</b>	<b>17,795,492</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	3,933,681	3,946,368	3,935,898	3,886,787	3,953,875	4,347,113	4,389,470	4,324,883	4,206,186	4,473,077
Special Education Instruction	1,335,458	1,360,396	1,444,542	1,571,683	1,567,063	1,613,971	1,523,796	1,536,818	1,470,375	1,519,534
Other Special Instruction	121,211	227,524	148,525	203,559	136,867	146,722	203,969	208,972	211,538	212,585
Other Instruction	50,279	55,860	10,129	9,445	19,706	23,879	18,382	13,213	47,017	
<b>Support Services:</b>										
Tuition	123,849	122,555	283,056	271,061	485,306	326,658	449,861	296,756	179,561	244,357
Student & Instruction Related Services	1,423,264	1,574,194	1,565,034	1,654,544	1,720,019	1,743,821	1,962,768	2,098,959	2,137,306	2,177,813
General Administration	349,750	417,419	371,069	412,069	387,214	305,728	286,071	261,847	268,558	289,326
School Administration Services	594,447	578,532	573,981	517,346	546,945	548,036	588,744	548,876	558,934	559,572
Central Services/Business	237,967	227,748	229,824	247,979	270,506	245,817	275,714	258,082	271,710	264,361
Administrative Information Technology	132,445	119,568	85,583	98,635	97,370	93,064	94,537	92,597	94,449	97,338
Plant Operations & Maintenance	1,338,880	1,350,805	1,347,038	1,437,282	1,381,948	1,342,867	1,429,414	1,426,991	1,453,580	1,499,746
Pupil Transportation	753,028	842,923	973,865	876,499	1,071,804	943,042	906,443	880,259	725,505	776,862
Employee Benefits	2,189,317	2,215,636	2,209,429	2,434,613	1,894,984	1,792,310	2,018,835	2,196,343	2,260,719	2,274,104
On-Behalf TPAF Pension & Soc Sec Contributions	888,476	1,288,560	1,359,975	932,871	934,801	935,645	1,116,788	1,414,443	1,223,084	1,363,588
Transfer to Charter Schools								38,307	55,637	58,986
Capital Outlay	12,804	12,978	10,203	28,358	42,383	108,856	8,539	613,553	670,182	273,247
Capital Projects	11,446,310	1,732,077	334,289	22,063	22,229				556,346	740,725
Special Revenue Funds	381,471	394,014	397,079	402,258	475,695	491,581	341,490	344,643	318,106	298,591
<b>Debt Service:</b>										
Principal	700,000	765,000	820,000	835,000	875,000	843,000	610,000	790,000	825,000	525,000
Interest & Other Charges	790,154	758,279	723,631	684,719	644,564	642,666	593,845	441,522	468,081	429,331
<b>Total Expenditures</b>	<b>26,802,791</b>	<b>17,990,436</b>	<b>16,823,150</b>	<b>16,526,771</b>	<b>16,528,279</b>	<b>16,494,776</b>	<b>16,818,666</b>	<b>17,787,064</b>	<b>18,001,874</b>	<b>18,078,143</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,320,621)	(2,209,632)	(580,199)	3,566	750,208	879,378	791,372	185,081	1,148,867	(282,651)
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-Budgeted)						180,900				
Proceeds from Sale of Capital Assets									750	
Proceeds from Bond Issue										1,464,000
Special Item-Insurance Claim Recovery for Storm Damage								24,376	85,328	
Transfers In					749					
Transfers Out					(162,185)	(62,071)	(100,000)	(29,701)	(50,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161,436)</b>	<b>118,829</b>	<b>(100,000)</b>	<b>(5,325)</b>	<b>36,078</b>	<b>1,464,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (8,320,621)</b>	<b>\$ (2,209,632)</b>	<b>\$ (580,199)</b>	<b>\$ 3,566</b>	<b>\$ 588,772</b>	<b>\$ 998,207</b>	<b>\$ 691,372</b>	<b>\$ 179,756</b>	<b>\$ 1,184,945</b>	<b>\$ 1,181,349</b>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	<b>10.76%</b>	<b>10.35%</b>	<b>10.34%</b>	<b>10.16%</b>	<b>10.17%</b>	<b>9.97%</b>	<b>7.71%</b>	<b>7.73%</b>	<b>8.35%</b>	<b>5.92%</b>

Source: District Records

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 27,816	\$ 55,145	\$ 22,862	\$ 13,861	\$ 4,934	\$ 3,322	\$ 3,539	\$ 2,864	\$ 2,197	\$ 2,227
Tuition	5,645	15,712	21,800	22,750	62,850	246,890	202,359	205,543	51,596	88,884
Old Outstanding Checks Canceled	311		208			128		473	4,078	
Prior Year Refunds	55,458	90,358	5,924	354	3,056					
Miscellaneous	925	102	140	(463)	1,418	1,154	1,114	1,245	691	109
Insurance Rebates	19,952	30,320							9,732	
Facility Use Fees	16,624	500	16,000	16,925	17,000	25,600	26,706	26,400	26,075	24,045
Prior Year Accounts Payable Canceled				7,250		27,836	78,870	2,379	295	1,134
Sale of Surplus Materials			90				10,160	883		300
E Rate Reimbursements					7,278					
Morris Union Jointure Rebate	8,636	8,624			14,292	14,659	14,043	13,885		7,598
Morris Essex Jointure Rebate					23,977	25,957	21,327	30,785	33,371	36,095
Transportation Fees					74,283	67,782	54,262	52,837	53,483	48,186
Fund 20 Adjustment							(2,214)		3,430	
Close Out of Old Bank Accounts						314				
Donations	300	220	1,510	1,246		3,859			6,408	
Watchung Related Services			4,235							
BASF Grant										5,000
Excess Pay to Play Fees										884
Athletic Fees	990	630								
<b>Annual Totals</b>	<b>\$ 136,657</b>	<b>\$ 201,611</b>	<b>\$ 72,769</b>	<b>\$ 61,923</b>	<b>\$ 209,088</b>	<b>\$ 417,501</b>	<b>\$ 410,166</b>	<b>\$ 337,294</b>	<b>\$ 191,356</b>	<b>\$ 214,462</b>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 21,855,800	\$ 20,688,800	\$ 19,116,300	\$ 19,258,300	\$ 20,585,700	\$ 19,059,600	\$ 17,735,400	\$ 16,751,400	\$ 16,714,900	\$ 12,534,800
Residential	1,114,050,830	1,123,401,600	1,129,463,700	1,133,936,400	1,137,120,400	1,139,562,700	1,127,011,200	1,115,697,400	1,111,286,000	1,109,792,400
Farm Regular	2,519,600	2,519,600	3,070,000	3,070,000	2,795,500	2,245,100	3,103,600	4,113,800	3,734,200	4,113,800
Qualified Farm	40,000	40,000	40,700	40,700	40,700	39,700	45,700	47,600	47,400	48,300
Commercial	104,013,900	104,085,000	103,967,400	103,887,300	103,892,800	104,055,800	103,707,100	102,227,500	102,470,400	105,033,300
Industrial	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,541,200	16,445,900	16,304,600	16,175,000
Apartment	7,408,000	6,691,600	6,691,600	6,691,600	6,668,200	6,268,200	6,268,200	6,268,200	6,268,200	6,268,200
<b>Total Assessed Value</b>	<b>1,266,429,330</b>	<b>1,273,967,800</b>	<b>1,278,890,900</b>	<b>1,283,425,500</b>	<b>1,287,644,500</b>	<b>1,287,772,300</b>	<b>1,274,412,400</b>	<b>1,261,551,800</b>	<b>1,256,825,700</b>	<b>1,253,965,800</b>
Public Utilities (a)	4,080,831	4,043,446	3,971,011	4,268,514	4,454,525	4,509,141	4,714,115	3,796,526	3,141,460	3,141,460
<b>Net Valuation Taxable</b>	<b>\$ 1,270,510,161</b>	<b>\$ 1,278,011,246</b>	<b>\$ 1,282,861,911</b>	<b>\$ 1,287,694,014</b>	<b>\$ 1,292,099,025</b>	<b>\$ 1,292,281,441</b>	<b>\$ 1,279,126,515</b>	<b>\$ 1,265,348,326</b>	<b>\$ 1,259,967,160</b>	<b>\$ 1,257,107,260</b>
Estimated Actual County Equalized Value	\$ 1,649,798,926	\$ 1,808,933,115	\$ 1,882,961,854	\$ 1,890,331,788	\$ 1,786,661,445	\$ 1,788,624,832	\$ 1,691,966,290	\$ 1,618,882,929	\$ 1,601,178,244	\$ 1,661,302,048
Percentage of Net Valuation to Est. Actual County Equal. Value	77.01%	70.65%	68.13%	68.12%	72.32%	72.25%	75.60%	78.16%	78.69%	75.67%
<b>Total Direct School Tax Rate (b)</b>	<b>\$ 1.01</b>	<b>\$ 1.03</b>	<b>\$ 1.06</b>	<b>\$ 1.11</b>	<b>\$ 1.14</b>	<b>\$ 1.18</b>	<b>\$ 1.18</b>	<b>\$ 1.25</b>	<b>\$ 1.16</b>	<b>\$ 1.22</b>

Source: Municipal Tax Assessor

**NOTE** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

\* Revalued/Reassessed

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS  
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Regional School	Municipality	County	Fire District	
2006	\$ 0.89	\$ 0.12	\$ 1.01	\$ 0.39	\$ 0.67	\$ 0.33		\$ 2.40
2007	0.91	0.12	1.03	0.43	0.69	0.35		2.50
2008	0.95	0.11	1.06	0.46	0.70	0.35		2.57
2009	0.99	0.12	1.11	0.49	0.72	0.34		2.66
2010	1.04	0.11	1.15	0.52	0.73	0.33		2.73
2011	1.09	0.09	1.18	0.56	0.75	0.33		2.82
2012	1.09	0.09	1.18	0.59	0.76	0.33		2.86
2013	1.15	0.10	1.25	0.60	0.79	0.32		2.96
2014	1.09	0.07	1.16	0.59	0.79	0.33		2.87
2015	1.13	0.09	1.22	0.57	0.81	0.33		2.93

Sources: Municipal Tax Collector

**NOTE:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

\* Revalued/Reassessed

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Valley & Plainfield Associates	\$ 21,204,400	1	1.69%	\$ 21,204,400	1	1.67%
Stirling Center Associates	8,189,100	2	0.65%	9,896,500	2	0.78%
Transcontinental Gas Pipeline	3,400,000	3	0.27%	3,690,300	6	0.29%
Verizon	3,141,460	4	0.25%	5,801,258	3	0.46%
TIFA, LTD	2,999,300	5	0.24%	2,999,300	7	0.24%
Parthenon c/o Walgreens	2,587,800	6	0.21%			0.00%
Jilrydan, Inc	2,197,400	7	0.17%	2,197,400	10	0.17%
Millington Savings Bank	2,125,200	8	0.17%	2,215,500	9	0.17%
A R Valley Realty LLC	2,003,200	9	0.16%			
Stirling Manor	1,800,000	10	0.14%	4,716,400	4	0.37%
RHK/AK Stamping				3,791,900	5	0.30%
Dagwood Properties				2,246,900	8	0.18%
	<u>\$ 49,647,860</u>		<u>3.95%</u>	<u>\$ 58,759,858</u>		<u>4.62%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 29,188,113	\$ 28,776,789	98.59%
2006	30,620,476	30,211,873	98.67%
2007	32,034,064	31,610,106	98.68%
2008	32,958,966	32,373,176	98.22%
2009	34,337,430	33,768,528	98.34%
2010	35,268,163	34,542,605	97.94%
2011	36,404,873	35,630,937	97.87%
2012	36,645,996	35,801,001	97.69%
2013	37,485,028	36,745,945	98.03%
2014	36,253,210	35,435,477	97.74%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 16,617,000					\$ 16,617,000	3.08%	\$ 1,917
2007	15,852,000					15,852,000	2.76%	1,845
2008	15,032,000					15,032,000	2.52%	1,759
2009	14,197,000					14,197,000	2.31%	1,660
2010	13,322,000					13,322,000	2.29%	1,553
2011	12,479,000		\$ 60,417			12,539,417	2.10%	1,440
2012	11,885,000		60,417			11,945,417	1.89%	1,362
2013	11,095,000					11,095,000	1.69%	1,263
2014	10,270,000					10,270,000	1.55%	1,164
2015	11,209,000					11,209,000	N/A	1,275

**NOTE** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- (a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 16,617,000		\$ 16,617,000	1.31%	\$ 1,934
2007	15,852,000		15,852,000	1.24%	1,855
2008	15,032,000		15,032,000	1.17%	1,758
2009	14,197,000		14,197,000	1.10%	1,655
2010	13,322,000		13,322,000	1.03%	1,530
2011	12,479,000		12,479,000	0.97%	1,423
2012	11,885,000		11,885,000	0.93%	1,353
2013	11,095,000		11,095,000	0.88%	1,258
2014	10,270,000		10,270,000	0.82%	1,168
2015	11,209,000		11,209,000	0.89%	1,275

**NOTE** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 18,365,863	100.00%	\$ 18,365,863
Regional High School	40,986,536	21.00%	8,607,173
County General Obligation Debt	426,682,781	1.81%	<u>7,722,958</u>
Subtotal, Overlapping Debt			34,695,994
School District Direct Debt			<u>11,734,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 46,429,994</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages  
    Provided by the County Board of Taxation. Debt Outstanding Data  
    Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis

2014	\$ 1,660,929,959
2013	1,603,192,019
2012	1,631,561,132
	<u>\$ 4,895,683,110</u>

Average Equalized Valuation of Taxable Property \$ 1,631,894,370

Debt Limit (3.0% of Average Equalization Value) \$ 48,956,831 (a)

Total Net Debt Applicable to Limit -

Legal Debt Margin \$ 48,956,831

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 44,332,237	\$ 48,872,859	\$ 52,977,184	\$ 55,398,558	\$ 55,701,047	\$ 54,824,044	\$ 53,083,981	\$ 51,171,706	\$ 49,381,557	\$ 48,956,831
Total Net Debt Applicable	<u>17,930,897</u>	<u>16,024,838</u>	<u>15,204,838</u>	<u>14,369,838</u>	<u>13,322,000</u>	<u>12,479,000</u>	<u>11,885,000</u>	<u>11,095,000</u>	<u>11,734,718</u>	<u>11,209,718</u>
Legal Debt Margin	<u>\$ 26,401,340</u>	<u>\$ 32,848,021</u>	<u>\$ 37,772,346</u>	<u>\$ 41,028,720</u>	<u>\$ 42,379,047</u>	<u>\$ 42,345,044</u>	<u>\$ 41,198,981</u>	<u>\$ 40,076,706</u>	<u>\$ 37,646,839</u>	<u>\$ 37,747,113</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.45%	32.79%	28.70%	25.94%	23.92%	22.76%	22.39%	21.68%	23.76%	22.90%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

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

Year	Population ( a )	Personal Income ( b )	Per Capita Personal Income ( c )	Unemployment Rate ( d )
2006	8,593	\$ 574,244,411	\$ 66,763	3.1%
2007	8,545	596,808,435	69,843	2.8%
2008	8,550	615,061,350	71,937	3.7%
2009	8,579	580,781,142	67,698	6.3%
2010	8,707	597,787,792	68,656	6.4%
2011	8,771	630,757,694	71,914	6.2%
2012	8,786	657,421,236	74,826	6.4%
2013	8,821	662,051,334	75,054	6.8%
2014	8,791	N/A	N/A	4.4%
2015	N/A	N/A	N/A	N/A

Sources:

- ( a ) Population Information Provided by the NJ Dept of Labor and Workforce Development
- ( b ) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- ( c ) Per Capita Personal Income by County Estimated Based Upon the 2010 Census Published by the 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  
CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	79.0	68.0	80.3	68.2	64.9	67.0	67.0	61.75	62.10	63.90
Special Education	26.0	32.5	15.7	27.2	24.5	26.0	24.8	26.40	28.00	27.60
Support Services:										
Administration	6.0	5.6	5.0	5.0	5.0	5.0	5.0	6.00	6.00	6.00
Secretarial	5.0	5.0	5.8	8.0	8.4	8.4	8.4	8.30	8.20	8.50
Plant Operations and Maintenance	13.0	13.0	13.0	13.0	*	*	*	*	*	*
Other Support Services	14.0	14.0	11.8	10.5	13.0	16.5	16.0	16.00	17.20	15.30
Total	143.0	138.1	131.6	131.9	115.8	122.9	121.2	118.45	121.50	121.30

Sources: District Personnel Records

\* Privatized 7/1/2009

LONG HILL TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Average Daily Enrollment	Operating Expenditures ( a )	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	1,102.0	\$ 13,853,523	\$ 12,571	8.70%	107.0	1 to 10.30	1,102.0	1,054.0	-1.34%	95.64%
2007	1,072.0	14,722,102	13,733	9.24%	107.5	1 to 9.97	1,072.0	1,030.0	-2.72%	96.08%
2008	1,050.9	14,935,027	14,212	3.48%	101.0	1 to 10.41	1,050.9	1,008.4	-1.97%	95.96%
2009	1,018.4	14,956,631	14,686	3.34%	116.7	1 to 10.32	1,018.4	980.9	-3.09%	96.32%
2010	1,021.4	15,106,288	14,790	0.70%	103.0	1 to 9.92	1,021.4	984.5	0.29%	96.39%
2011	939.7	14,962,325	15,922	7.66%	97.0	1 to 9.50	939.7	904.9	-8.00%	96.30%
2012	920.9	15,706,282	17,055	7.12%	97.2	1 to 9.47	920.9	887.1	-2.00%	96.33%
2013	869.1	15,941,989	18,343	15.20%	100.0	1 to 8.69	869.1	835.8	-5.62%	96.17%
2014	850.7	15,482,265	18,199	14.30%	97.0	1 to 8.77	850.7	818.0	-2.12%	96.16%
2015	831.5	16,109,840	19,374	13.60%	91.5	1 to 9.08	831.5	801.6	-2.26%	96.40%

Source: District Records

( a ) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

( b ) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

( c ) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

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

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Gillette School (1935)</u>										
Square Feet	31,024	38,234	38,234	38,234	38,234	38,234	38,234	38,234	38,234	38,234
Student Capacity	268	300	300	300	300	300	300	300	300	300
Enrollment	247	231	218	196	198	173	170	154	157	185
<u>Millington School (1935)</u>										
Square Feet	52,025	72,128	72,128	72,128	72,128	72,128	72,128	72,128	72,128	72,128
Student Capacity	622	604	604	604	604	604	604	604	604	604
Enrollment	507	491	472	461	444	399	359	368	347	333
<u>Central School (1933)</u>										
Square Feet	59,800	74,757	74,757	74,757	74,757	74,757	74,757	74,757	74,757	74,757
Student Capacity	421	464	464	464	464	464	464	464	464	464
Enrollment	358	359	375	369	379	352	327	326	342	313
Number of Schools at June 30, 2015:										
Elementary	2									
Middle School	1									
High School										
Other										

Source: District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

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

UNDISTRIBUTED EXPENDITURES-REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES

\*School Facilities

	<u>Amount</u>	<u>Total</u>
2006	\$ 407,206	\$ 407,206
2007	315,265	315,265
2008	281,786	281,786
2009	328,632	328,632
2010	171,259	171,259
2011	180,716	180,716
2012	306,453	306,453
2013	270,943	270,943
2014	203,694	203,694
2015	221,618	221,618
Total School Facilities	<u>\$ 2,687,572</u>	<u>\$ 2,687,572</u>

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

Source: District Records

LONG HILL TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2015  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
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
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	

Source: District Records

**SINGLE AUDIT SECTION**

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
Washington, NJ 07882 - 1530  
Fax # (908) 689-8388  
(908) 689-5002

## INDEPENDENT AUDITOR'S REPORT

December 7, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated December 7, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board of Education's 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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Certified Public Accountant  
Public School Accountant  
Registered Municipal Accountant

100 Route 31 North  
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## INDEPENDENT AUDITOR'S REPORT

December 7, 2015

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Long Hill Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of The Board of Education 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 Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 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 Board of Education'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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated December 7, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

LONG HILL TOWNSHIP SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2015				
					June 30, 2014 (Acct Rec) Unearned Revenue						Accounts Receivable	Unearned Revenue	Due to Grantor		
US Department of Education Passed Through State Department of Education: Special Revenue Fund:															
NCLB Title IA	84.010A	NCLB-400015	\$ 10,665	7/1/2014-6/30/2015								\$ (10,665)	\$ 10,665		
NCLB Title IIA	84.367A	NCLB-400015	19,714	7/1/2014-6/30/2015				\$ 19,714				(19,714)			
NCLB Title III	84.365A	NCLB-400015	4,860	7/1/2014-6/30/2015								(4,860)	4,860		
IDEA Basic	84.027	IDEA-400015	218,240	7/1/2014-6/30/2015			\$ 195,755	218,240				\$ (22,485)			
IDEA Basic	84.027	IDEA-400014	209,047	7/01/2013-6/30/2014	\$ (25,983)		25,983								
IDEA Preschool	84.173	IDEA-400015	11,087	7/1/2014-6/30/2015			11,087	11,087							
Total Special Revenue Fund					(25,983)	\$ -	232,825	249,041	\$ -	\$ -		(57,724)	\$ 15,525	\$ -	
US Department of Agriculture Passed Through State Department of Education Enterprise Fund:															
Special Milk Program for Children	10.556	N/A	8,685	7/1/2014-6/30/2015			7,887	8,685				(798)			
Special Milk Program for Children	10.556	N/A	8,266	7/1/2013-6/30/2014	(810)		810								
Total Enterprise Fund					(810)	-	8,697	8,685	-	-		(798)	-	-	
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (26,793)	\$ -	\$ 241,522	\$ 257,726	\$ -	\$ -		\$ (58,522)	\$ 15,525	\$ -	

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash Received	Budgetary Expenditure	Repayment of Prior Year Balances	Balance June 30, 2015			Memo	
				June 30, 2014 (Acct Rec) Unearned Revenue				Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Special Education Aid	15-495-034 -5120-089	\$ 542,296	7/01/2014- 6/30/2015		\$ 491,640	\$ 542,296		\$ (50,656)			\$ (50,656)	\$ 542,296
Special Education Aid	14-495-034 -5120-089	542,296	7/01/2013- 6/30/2014	\$ (46,242)	46,242							
Security Aid	15-495-034 -5120-084	12,108	7/01/2014- 6/30/2015		10,977	12,108		(1,131)			(1,131)	12,108
Security Aid	14-495-034 -5120-084	12,108	7/01/2013- 6/30/2014	(1,032)	1,032							
Transportation Aid	15-495-034 -5120-014	56,278	7/01/2014- 6/30/2015		51,021	56,278		(5,257)			(5,257)	56,278
Transportation Aid	14-495-034 -5120-014	56,278	7/01/2013- 6/30/2014	(4,799)	4,799							
Adjustment Aid	15-495-034 -5120-085	13,477	7/01/2014- 6/30/2015		12,217	13,477		(1,260)			(1,260)	13,477
Per Pupil Growth Aid	15-495-034 -5120-097	8,150	7/01/2014- 6/30/2015		7,389	8,150		(761)			(761)	8,150
PARCC Readiness Aid	15-495-034 -5120-098	8,150	7/01/2014- 6/30/2015		7,389	8,150		(761)			(761)	8,150
School Choice Aid	14-495-034 -5120-068	13,477	7/01/2013- 6/30/2014	(1,149)	1,149							
Extraordinary Aid	15-100-034 -5120-473	144,319	7/01/2014- 6/30/2015			144,319		(144,319)			(144,319)	144,319
Extraordinary Aid	14-100-034 -5120-473	145,710	7/01/2013- 6/30/2014	(145,710)	145,710							
Non-Public Transportation Aid	15-495-034 -5120-014	11,832	7/01/2014- 6/30/2015			11,832		(11,832)			(11,832)	11,832
Non-Public Transportation Aid	14-495-034 -5120-014	15,110	7/01/2013- 6/30/2014	(15,110)	15,110							
On-Behalf TPAF Pension Contribution- Normal Cost and Accrued Liability	15-495-034 -5094-006	316,183	7/01/2014- 6/30/2015		316,183	316,183						316,183
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	15-495-034 -5094-007	22,748	7/01/2014- 6/30/2015		22,748	22,748						22,748
On-Behalf TPAF Pension Contribution- Post Retirement Medical	15-495-034 -5094-001	538,052	7/01/2014- 6/30/2015		538,052	538,052						538,052
Reimbursed TPAF Social Security Contribution	15-495-034 -5094-003	486,605	7/01/2014- 6/30/2015		438,552	486,605		(48,053)			(48,053)	486,605
<b>Total General Fund</b>				<u>(214,042)</u>	<u>2,110,210</u>	<u>2,160,198</u>	<u>\$ -</u>	<u>(264,030)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(264,030)</u>	<u>2,160,198</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance	Cash	Budgetary	Repayment	Balance June 30, 2015			Memo	
				June 30, 2014 (Acct Rec) Unearned Revenue				Received	Expenditure	of Prior Year Balances	Accounts Receivable	Unearned Revenue
<b>State Department of Education (Cont'd)</b>												
Special Revenue Fund:												
Non-Public Textbook Aid	15-100-034 -5120-064	\$ 10,426	7/01/2014- 6/30/2015		\$ 10,426	\$ 10,426						\$ 10,426
Non-Public Nursing Services	15-100-034 -5120-070	16,219	7/01/2014- 6/30/2015		16,219	16,219						16,219
Non-Public Technology	15-100-034 -5120-373	5,600	7/01/2014- 6/30/2015		5,600	5,600						5,600
Non-Public Technology	14-100-034 -5120-373	3,260	7/1/2013- 6/30/2014	\$ 100			\$ 100					
Non-Public Auxiliary Services Aid Compensatory Education	15-100-034 -5120-067	7,166	7/01/2014- 6/30/2015		7,166	896				\$ 6,270		896
Non-Public Auxiliary Services Aid Compensatory Education	14-100-034 -5120-067	11,984	7/1/2013- 6/30/2014	8,560			8,560					
Non-Public Handicapped Aid Supplemental Instruction	15-100-034 -5120-066	10,986	7/01/2014- 6/30/2015		10,986	3,139				7,847		3,139
Non-Public Handicapped Aid Supplemental Instruction	14-100-034 -5120-066	11,795	7/1/2013- 6/30/2014	6,383			6,383					
Non-Public Handicapped Aid Examination & Classification	15-100-034 -5120-066	9,371	7/01/2014- 6/30/2015		9,371	5,760				3,611		5,760
Non-Public Handicapped Aid Examination & Classification	14-100-034 -5120-066	19,426	7/1/2013- 6/30/2014	7,804			7,804					
Non-Public Handicapped Aid Corrective Speech	15-100-034 -5120-066	15,020	7/01/2014- 6/30/2015		15,020	7,510				7,510		7,510
Non-Public Handicapped Aid Corrective Speech	14-100-034 -5120-066	17,968	7/1/2013- 6/30/2014	3,594			3,594					
<b>Total Special Revenue Fund</b>				<u>26,441</u>	<u>74,788</u>	<u>49,550</u>	<u>26,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>25,238</u>	<u>\$ -</u>	<u>49,550</u>
Capital Projects Fund:												
NJ SDA Grants:												
Central Middle School Upgrades to HVAC System	4000-030 -14-1001	344,240	6/18/2014- 6/30/2016					(344,240)	344,240			
Gillette Elementary School Upgrades to HVAC System	4000-050 -14-1002	174,000	6/18/2014- 6/30/2016					(174,000)	174,000			
Millington Elementary School Upgrades to HVAC System	4000-060 -14-1003	263,972	6/18/2014- 6/30/2016					(263,972)	263,972			
Millington Elementary School Partial Roof Replacement	4000-060 -14-1004	527,600	6/18/2014- 6/30/2016					(527,600)	527,600			
				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,309,812)</u>	<u>1,309,812</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<u>\$ (187,601)</u>	<u>\$ 2,184,998</u>	<u>\$ 2,209,748</u>	<u>\$ 26,441</u>	<u>\$ (1,573,842)</u>	<u>\$ 1,309,812</u>	<u>\$ 25,238</u>	<u>\$ (264,030)</u>	<u>\$ 2,209,748</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 1. GENERAL**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Long Hill Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

**NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$6,604 for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and Exhibit F-2 for the capital projects fund.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,153,594	\$ 2,153,594
Special Revenue Fund	\$ 249,041	49,550	298,591
Milk Service Fund	<u>8,685</u>		<u>8,685</u>
	<u>\$ 257,726</u>	<u>\$ 2,203,144</u>	<u>\$ 2,460,870</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE  
JUNE 30, 2015  
(Continued)

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes  No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes  No

Noncompliance Material to General Purpose Financial Statements Noted? Yes  No

Federal Awards NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes No

Type of Auditor's Report Issued on Compliance for Major Programs? \_\_\_\_\_

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

CFDA Numbers Amount Name of Federal Program

NOT APPLICABLE

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs: \_\_\_\_\_

Auditee qualified as a low-risk auditee        Yes        No

State Awards

Dollar Threshold used to Distinguish Between  
Type A and Type B Programs:        \$300,000

Auditee Qualified as low-risk auditee   X   Yes        No

Type of Auditor's Report Issued on Compliance  
for Major Programs:        Unmodified

Internal Control Over Major Programs:  
1. Material weakness(es) identified?        Yes   X   No

2. Reportable conditions identified  
that are not considered to be material  
weaknesses?        Yes   X   No

Any Audit Findings Disclosed That are Required  
to be Reported in Accordance with NJ OMB  
Circular Letter 15-08?        Yes   X   No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5120-089	\$ 542,296	Special Education Aid

LONG HILL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL  
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2015.

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LONG HILL TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.