

LONG HILL TOWNSHIP SCHOOL DISTRICT

Prepared by:

**Long Hill Township Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

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

For the Fiscal Year Ended June 30, 2020

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)



LONG HILL TOWNSHIP SCHOOL DISTRICT

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

Ms. Julie Anne Kot
Business Administrator/Board Secretary

Phone: (908) 647-1200 ext. 1035
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December 15, 2020

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

Dear Board Members:

The comprehensive annual financial report of the Long Hill Township School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular as well as special education for classified students with special needs. The District completed the 2019-2020 fiscal year with an enrollment of 891 students, which is an increase of 35 students or 4.09% from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Long Hill Township School District
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December 15, 2020

2) ECONOMIC CONDITION AND OUTLOOK:

Long Hill Township is a mature suburban community within Morris County. In recent years, the District had experienced increasing enrollment, with 891 students enrolled at the start of the 2019-2020 school year - an increase of 35 students over the close of the 2018-2019 school year. Absent the unforeseen effects of the global pandemic, that upward enrollment trend was likely to continue. Now the District is facing an unexpected enrollment decrease of 79 students as of October 15, 2020, and future enrollment levels are unpredictable.

With decreased enrollment comes concerns of reduced State Aid, and the need to do more with less financial resources. Due to COVID-19, the District is facing many challenges, including managing the cost and availability of: 1) student transportation, 2) substitute teachers, 3) teachers for class coverage, 4) student and teacher technology needs, 5) sufficient space to teach students while maintaining social distancing protocols, and 5) supplies and human resources to clean and disinfect the facilities.

In the past eight months, the District has been faced with making critical decisions under strict time constraints in a wholly unknown, and fluid environment. The uncertainty and anxiety created by the Coronavirus has taken not only an economic but also an emotional toll in schools, among students, staff, parents and community members. Many districts face the additional challenge of having more experienced teachers and administrators retiring from the profession. The long-term implications of these events and others that flow from them will not be known for some time.

Despite these new and evolving challenges, the Long Hill Township Board of Education continues to be fiscally responsible when developing its budget. The Board is cognizant of the impact the school tax levy has upon taxpayers and seeks to strike a balance between maintaining its high quality educational services in a safe and welcoming environment and its fiscal accountability to the community.

3) MAJOR INITIATIVES:

The 2019-20 school year was a busy one for the Long Hill Township School District. While in 2018-2019, the District had completed and submitted the Bronze certification application for the Future Ready School New Jersey (FRSNJ) initiatives which is sponsored by the New Jersey Department of Education (NJDOE) and the New Jersey School Boards Association (NJSBA) through a partnership with the New Jersey Institute of Technology (NJIT). Feedback through the FRSNJ approval process allowed the District to continue to focus training on technology with staff on the Google platforms which included the Google Classroom and Apps for Education at various individualized levels of proficiency with staff. As a result of COVID-19 pandemic that compelled the District to shift to remote learning effective March 16, 2020, all staff members and students were compelled to a sudden shift from traditional to virtual teaching and learning. The collection, use, and analysis of instructional delivery process is an area that will continue to be investigated. Professional Learning Committees (PLC) are the vehicle through which the leadership and foundational work will serve as the catalyst for the internalization of the use of data to guide the decision-making process. The District continues to increase the rigor in its instructional programming through curricular revisions and professional learning opportunities. Funds for professional development for teachers and administrators were increased in the District's budget to allow for greater training in Mathematics and Literacy Intervention in grades K-8 and science in grades 5-8. The District also received funds from the federal government through the Every Student Succeeds Act (ESSA) in Titles I, II, III Immigrant and IV funds. These funds support our at-risk students and continues to fund training and materials for the District's literacy intervention program, Leveled Literacy Intervention.

The District continues to focus on the replacement of computers, Chromebooks and touch screen Chromebooks for primary-age students. The District also continues to strengthen the bonds within our regional professional learning community with the other sending districts such as Watchung, Green Brook and Watchung Hills Regional School to share professional development, best practices and resources. The District has completed the development of the 2020-2025 Strategic Plan that has a focus on promoting innovation, creativity, critical thinking, and being responsive to the developmental needs of all students.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2020.

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

The Honorable President and Members of
the Board of Education
Long Hill Township School District
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December 15, 2020

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



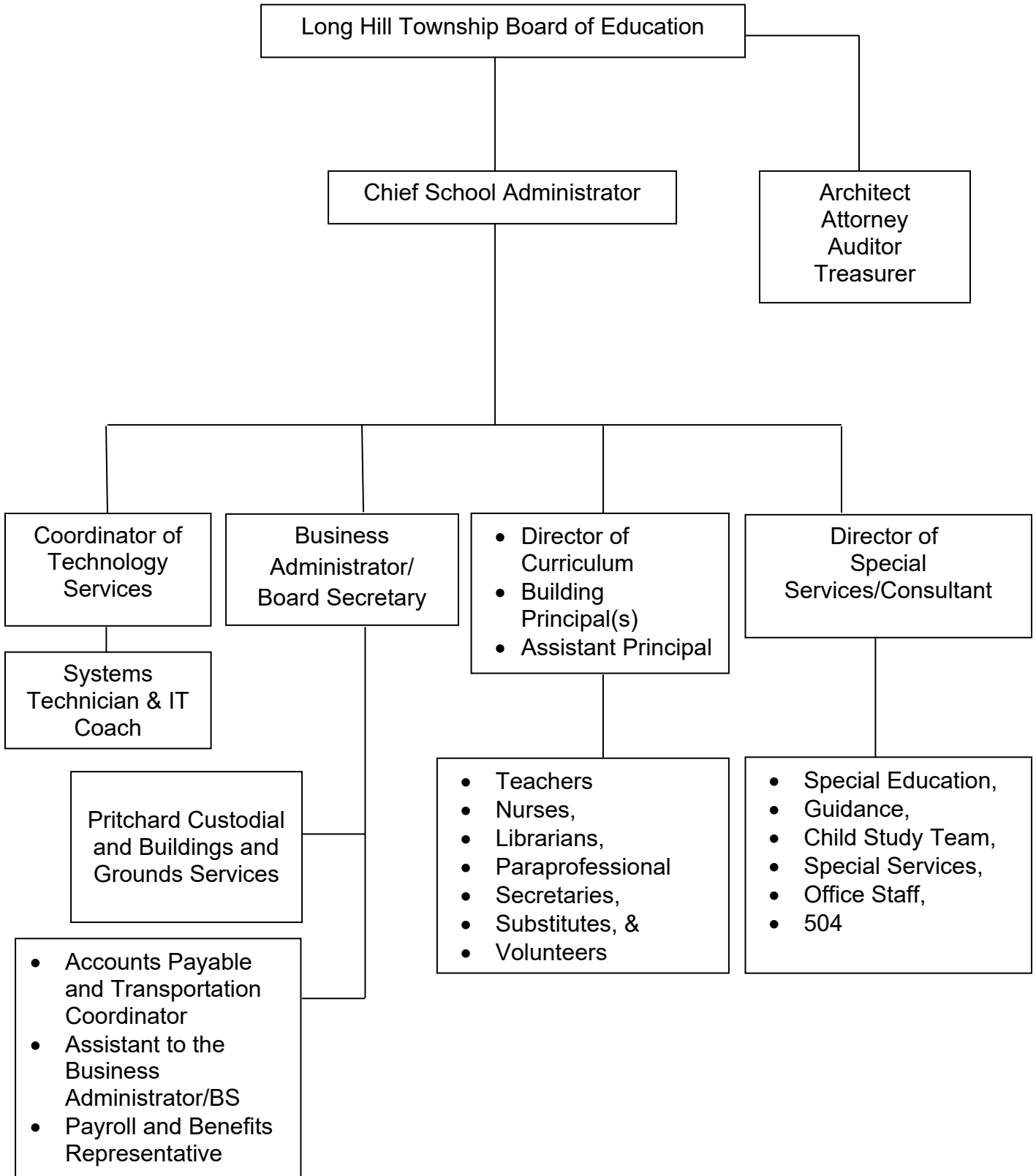
Dr. Laura Morana
Interim Superintendent



Julie A. Kot
Business Administrator/Board Secretary

LONG HILL TOWNSHIP SCHOOL DISTRICT
 Gillette, New Jersey

ORGANIZATIONAL CHART



**LONG HILL TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Marta Moakley, President | 2021 |
| Kim Case, Vice President | 2020 |
| Ann Butler | 2022 |
| Karen Ann Nyquist | 2022 |
| Matthew DiGiorgio | 2022 |
| Katie McLennan | 2021 |
| Melissa Ruvolo | 2021 |
| Alexander D'Jamoos | 2020 |
| David Carn | 2020 |

| <u>Other Officials</u> | <u>Title</u> |
|------------------------|---|
| Edwin Acevedo | Superintendent of Schools |
| Julie A. Kot | Board Secretary/School Business Administrator |

**LONG HILL TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
YEAR ENDED JUNE 30, 2020**

AUDIT FIRM

Nisivoccia LLP
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856

ATTORNEYS

The Busch Law Group LLC
450 Main Street
Metuchen, NJ 08840
(Board Attorney)

Scarinci, Hollenbeck Attorneys at Law LLC
1100 Valley Brook Avenue, P O Box 790
Lyndhurst, NJ 07071
(Special Education Counsel)

OFFICIAL DEPOSITORY

PNC Bank
1057 Valley Road
Stirling, NJ 07980

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District, in the County of Morris, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the available required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Long Hill Township School District
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
December 15, 2020

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**LONG HILL TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

This section of the Long Hill Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

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

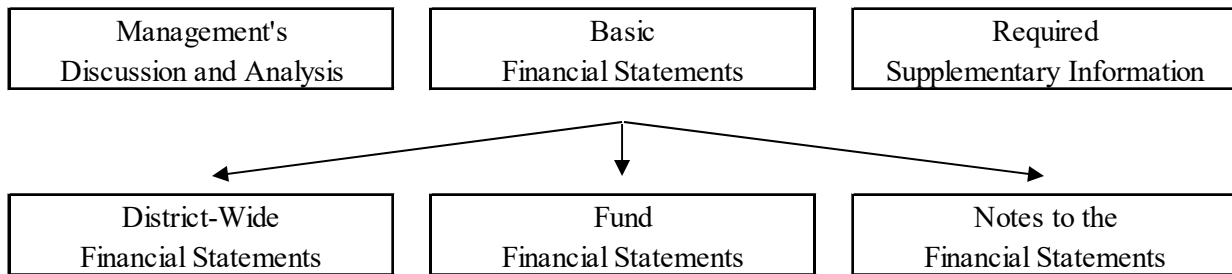


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District’s combined net position increased by 8.86%. Net position from governmental activities increased \$1,218,951 while net position from business-type activities decreased \$3,389.

Figure A-3
Condensed Statement of Net Position

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|----------------------------------|-------------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|-------------------------|
| | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 | 2019/2020 |
| Current and Other Assets | \$ 4,276,121 | \$ 3,283,312 | \$ 18,140 | \$ 21,529 | \$ 4,294,261 | \$ 3,304,841 | |
| Capital Assets, Net | 22,794,351 | 23,288,257 | | | 22,794,351 | 23,288,257 | |
| Total Assets | <u>27,070,472</u> | <u>26,571,569</u> | <u>18,140</u> | <u>21,529</u> | <u>27,088,612</u> | <u>26,593,098</u> | 1.86% |
| Deferred Outflows of Resources | 618,481 | 841,256 | | | 618,481 | 841,256 | -26.48% |
| Other Liabilities | 636,747 | 589,033 | | | 636,747 | 589,033 | |
| Long-Term Liabilities | 11,010,710 | 11,945,182 | | | 11,010,710 | 11,945,182 | |
| Total Liabilities | <u>11,647,457</u> | <u>12,534,215</u> | | | <u>11,647,457</u> | <u>12,534,215</u> | -7.07% |
| Deferred Inflows of Resources | 1,129,159 | 1,185,224 | | | 1,129,159 | 1,185,224 | -4.73% |
| Net Position: | | | | | | | |
| Net Investment in Capital Assets | 15,250,351 | 14,959,257 | | | 15,250,351 | 14,959,257 | |
| Restricted | 3,010,723 | 2,493,408 | | | 3,010,723 | 2,493,408 | |
| Unrestricted/(Deficit) | <u>(3,348,737)</u> | <u>(3,759,279)</u> | <u>18,140</u> | <u>21,529</u> | <u>(3,330,597)</u> | <u>(3,737,750)</u> | |
| Total Net Position | <u>\$ 14,912,337</u> | <u>\$ 13,693,386</u> | <u>\$ 18,140</u> | <u>\$ 21,529</u> | <u>\$ 14,930,477</u> | <u>\$ 13,714,915</u> | 8.86% |

Changes in Net Position. The District’s combined net position was \$14,930,477 on June 30, 2020, \$1,215,562 or 8.86% more than it was the year before (See Figure A-3). Net investment in capital assets increased by \$291,094 due to capital asset additions, and by the payment of bond principal offset by depreciation. Restricted net position increased by \$517,315 as a result of an increase in excess surplus and an increase in the reserve accounts. Unrestricted net position increased by \$407,153 as a result of normal operations, changes in net pension liability and changes in compensated absences payable (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total |
|--------------------------------------|-------------------------|---------------------|--------------------------|-----------------|-----------------------|---------------------|-----------------------------------|
| | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 | Percentage Change 2019/2020 |
| Revenue: | | | | | | | |
| Program Revenue: | | | | | | | |
| Charges for Services | \$ 108,734 | \$ 197,611 | \$ 9,921 | \$ 7,780 | \$ 118,655 | \$ 205,391 | |
| Grants and Contributions: | | | | | | | |
| Operating | 4,722,664 | 5,074,129 | 3,323 | 4,160 | 4,725,987 | 5,078,289 | |
| General Revenue: | | | | | | | |
| Property Taxes | 17,227,538 | 16,346,660 | | | 17,227,538 | 16,346,660 | |
| Federal and State Aid Not Restricted | | 2,606 | | | | 2,606 | |
| Other | 197,592 | 66,015 | 172 | 176 | 197,764 | 66,191 | |
| Total Revenue | <u>22,256,528</u> | <u>21,687,021</u> | <u>13,416</u> | <u>12,116</u> | <u>22,269,944</u> | <u>21,699,137</u> | 2.63% |
| Expenses: | | | | | | | |
| Instruction | 11,939,647 | 12,651,534 | | | 11,939,647 | 12,651,534 | |
| Pupil and Instruction Services | 4,054,390 | 3,869,358 | | | 4,054,390 | 3,869,358 | |
| Administrative and Business | 2,102,454 | 2,146,043 | | | 2,102,454 | 2,146,043 | |
| Maintenance and Operations | 1,778,048 | 2,079,997 | | | 1,778,048 | 2,079,997 | |
| Transportation | 718,168 | 1,114,226 | | | 718,168 | 1,114,226 | |
| Other | 444,870 | 484,233 | 16,805 | 8,131 | 461,675 | 492,364 | |
| Total Expenses | <u>21,037,577</u> | <u>22,345,391</u> | <u>16,805</u> | <u>8,131</u> | <u>21,054,382</u> | <u>22,353,522</u> | -5.81% |
| Increase/(Decrease) in Net Position | <u>\$ 1,218,951</u> | <u>\$ (658,370)</u> | <u>\$ (3,389)</u> | <u>\$ 3,985</u> | <u>\$ 1,215,562</u> | <u>\$ (654,385)</u> | <u>285.76%</u> |

Governmental Activities

As discussed elsewhere in this commentary, the financial position of governmental activities has increased by \$1,218,951. Maintaining existing programs with increased enrollment, the provision of a multitude of special programs/services for disabled students and increases in District health benefits costs places a great demand on the District’s resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

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

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

Figure A-5
Net Cost of Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|----------------------------------|------------------------|----------------------|----------------------|----------------------|
| | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 |
| Instruction | \$ 11,939,647 | \$ 12,651,534 | \$ 7,336,945 | \$ 7,662,445 |
| Student and Instruction Services | 4,054,390 | 3,869,358 | 4,054,390 | 3,782,056 |
| Administrative and Business | 2,102,454 | 2,146,043 | 1,919,307 | 1,910,763 |
| Maintenance and Operations | 1,778,048 | 2,079,997 | 1,778,048 | 2,079,260 |
| Transportation | 718,168 | 1,114,226 | 675,355 | 1,054,237 |
| Other | 444,870 | 484,233 | 442,134 | 584,890 |
| | <u>\$ 21,037,577</u> | <u>\$ 22,345,391</u> | <u>\$ 16,206,179</u> | <u>\$ 17,073,651</u> |

Business-Type Activities

Net position from the District’s business-type activities, milk service, decreased \$3,389 due to normal operations. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

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

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

The District's financial position is sound despite difficult economic times. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year. Accordingly, the District has taken measures to reduce expenses and plans to not be dependent on excess fund balance going forward.

General Fund Budgetary Highlights

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

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

Capital Asset and Long Term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

| | Governmental Activities | | Total School District | | Total Percentage Change |
|--|-------------------------|---------------------|-----------------------|---------------------|-------------------------------|
| | 2019/2020 | 2018/2019 | 2019/2020 | 2018/2019 | 2019/2020 |
| | Land | \$ 8,567,700 | \$ 8,567,700 | \$ 8,567,700 | \$ 8,567,700 |
| Land Improvements | 43,807 | 46,872 | 43,807 | 46,872 | |
| Buildings and Building Improvements | 13,967,339 | 14,384,760 | 13,967,339 | 14,384,760 | |
| Machinery and Equipment | 215,505 | 288,925 | 215,505 | 288,925 | |
| Total Capital Assets, Net of Depreciation | \$22,794,351 | \$23,288,257 | \$22,794,351 | \$23,288,257 | -2.12% |

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

Long-term Liabilities

At year-end, the District had \$7,544,000 in general obligation bonds – a reduction of \$785,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

| | Total School District | | Total Percentage Change |
|-----------------------------|---|----------------------|-------------------------------|
| | 2019/2020 | 2018/2019 | 2019/2020 |
| | General Obligation Bonds, (Financed with Property Taxes) | \$ 7,544,000 | \$ 8,329,000 |
| Net Pension Liability | 2,615,620 | 2,871,741 | |
| Other Long-Term Liabilities | 851,090 | 744,441 | |
| | \$ 11,010,710 | \$ 11,945,182 | -7.82% |

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

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

- A major concern of the District is the lack of predictability caused by the COVID-19 pandemic. As of October 15, 2020, enrollment is down 79 students as compared to the same date in 2019. Some parents have withdrawn students in favor of private school attendance, while others have opted not to enroll, or have moved out of the District. Such a drastic fluctuation in enrollment will negatively impact the availability of State Aid to the District in the 2021-2022 budget. The resulting lower student-to-teacher ratios may also not be financially sustainable and could necessitate staff reductions.
- In the face of the pandemic, the District faces increased transportation, substitute and class coverage costs as well as encountering unbudgeted financial expenditures necessary to provide a safe and hygienic environment for students and staff.
- The unforeseen mandatory implementation of the Educators Health Plan (EHP) mid-school year will result in lower-than-budgeted employee contributions. The difference in premium costs will be borne by the District. As the Affirmative Election period is currently underway, the financial impact of this new health benefits plan to the District is presently unquantifiable.
- The District is currently undertaking a Capital Improvement Plan that will form the backbone of a revised Long Range Facilities Plan to address aging building structures, mechanical, electrical, and plumbing systems in all three schools. Continuing maintenance and repairs to building HVAC systems will require a comprehensive solution.
- The District continues to focus on the delivery of special education services in the most cost-effective manner, yet remaining compliant with students' Individualized Education Programs (IEP).
- The District's contract with the teacher's union expires on June 30, 2021. The outcome of the impending negotiations will have a significant impact on future budgets.

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,138,984 | \$ 18,140 | \$ 1,157,124 |
| Interfund Receivable | 39,323 | | 39,323 |
| Receivables from Other Governments | 347,093 | | 347,093 |
| Restricted Assets - Cash and Cash Equivalents: | | | |
| Capital Reserve | 1,836,264 | | 1,836,264 |
| Maintenance Reserve | 664,457 | | 664,457 |
| Emergency Reserve | 250,000 | | 250,000 |
| Capital Assets: | | | |
| Sites (Land) | 8,567,700 | | 8,567,700 |
| Depreciable Buildings and Building Improvements and Machinery and Equipment | 14,226,651 | | 14,226,651 |
| Total Assets | <u>27,070,472</u> | <u>18,140</u> | <u>27,088,612</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | 618,481 | | 618,481 |
| Total Deferred Outflows of Resources | <u>618,481</u> | | <u>618,481</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | 318,458 | | 318,458 |
| Other Liabilities | | | |
| Accrued Interest Payable | 132,842 | | 132,842 |
| Interfund Payable | 128,338 | | 128,338 |
| Payable to State Government | 15,402 | | 15,402 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 821,426 | | 821,426 |
| Due Beyond one Year | 10,189,284 | | 10,189,284 |
| Total Liabilities | <u>11,647,457</u> | | <u>11,647,457</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | 1,129,159 | | 1,129,159 |
| Total Deferred Outflows of Resources | <u>1,129,159</u> | | <u>1,129,159</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 15,250,351 | | 15,250,351 |
| Restricted for: | | | |
| Capital Projects | 1,836,264 | | 1,836,264 |
| Debt Service | 2 | | 2 |
| Maintenance Reserve Account | 664,457 | | 664,457 |
| Emergency Reserve Account | 250,000 | | 250,000 |
| Excess Surplus | 260,000 | | 260,000 |
| Unrestricted/(Deficit) | (3,348,737) | 18,140 | (3,330,597) |
| Total Net Position | <u>\$ 14,912,337</u> | <u>\$ 18,140</u> | <u>\$ 14,930,477</u> |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|-----------------------------|----------------|--|-----------------------------|----------------|
| | Expenses | Charges for Services | Operating | | Governmental Activities | Business-type Activities | Total |
| | | | Grants and Contributions | | | | |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 8,894,214 | \$ 108,734 | \$ 2,554,479 | \$ (6,231,001) | \$ (6,231,001) | | \$ (6,231,001) |
| Special Education | 2,500,320 | | 1,800,832 | (699,488) | (699,488) | | (699,488) |
| Other Special Instruction | 529,268 | | 105,237 | (424,031) | (424,031) | | (424,031) |
| Other Instruction | 15,845 | | 33,420 | 17,575 | 17,575 | | 17,575 |
| Support Services: | | | | | | | |
| Tuition | 331,057 | | | (331,057) | (331,057) | | (331,057) |
| Student & Instruction Related Services | 3,723,333 | | | (3,723,333) | (3,723,333) | | (3,723,333) |
| General Administrative Services | 520,306 | | | (520,306) | (520,306) | | (520,306) |
| School Administrative Services | 986,664 | | 183,147 | (803,517) | (803,517) | | (803,517) |
| Central Services | 536,932 | | | (536,932) | (536,932) | | (536,932) |
| Administration Information Technology | 58,552 | | | (58,552) | (58,552) | | (58,552) |
| Plant Operations and Maintenance | 1,778,048 | | | (1,778,048) | (1,778,048) | | (1,778,048) |
| Pupil Transportation | 718,168 | | 42,813 | (675,355) | (675,355) | | (675,355) |
| Transfer to Charter Schools | 113,056 | | | (113,056) | (113,056) | | (113,056) |
| Interest on Long-Term Debt | 331,814 | | | (331,814) | (331,814) | | (331,814) |
| Capital Outlay | | | 2,736 | 2,736 | 2,736 | | 2,736 |
| Total Governmental Activities | 21,037,577 | 108,734 | 4,722,664 | (16,206,179) | (16,206,179) | | (16,206,179) |

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------|------------------|-------------------------|--|--|-----------------------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Business-Type Activities: | | | | | | |
| Milk Service | \$ 16,805 | \$ 9,921 | \$ 3,323 | | \$ (3,561) | \$ (3,561) |
| Total Business-Type Activities | 16,805 | 9,921 | 3,323 | | (3,561) | (3,561) |
| Total Primary Government | \$ 21,054,382 | \$ 118,655 | \$ 4,725,987 | \$ (16,206,179) | \$ (3,561) | \$ (16,209,740) |

| | | | | | | |
|--|--|--|--|---------------|-----------|---------------|
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | 16,124,600 | | 16,124,600 |
| Taxes Levied for Debt Service | | | | 1,102,938 | | 1,102,938 |
| Interest and Unrestricted Miscellaneous Revenue | | | | 197,592 | 172 | 197,764 |
| Total General Revenues | | | | 17,425,130 | 172 | 17,425,302 |
| Change in Net Position | | | | 1,218,951 | (3,389) | 1,215,562 |
| Net Position - Beginning | | | | 13,693,386 | 21,529 | 13,714,915 |
| Net Position - Ending | | | | \$ 14,912,337 | \$ 18,140 | \$ 14,930,477 |

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

FUND FINANCIAL STATEMENTS

LONG HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS
Cash and Cash Equivalents
Interfund Receivables
Receivables from State Government
Receivables from Federal Government
Restricted Cash and Cash Equivalents

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable - Vendors
Interfund Payable
Payable to State Government
Unearned Revenue

Total Liabilities

Fund Balances:

Restricted:

Capital Reserve Account
Maintenance Reserve Account
Emergency Reserve Account
Excess Surplus - 2020-2021

Debt Service

Assigned:

Year-End Encumbrances

Designated for Subsequent Year's Expenditures - July 1, 2020 - August 1, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-------------------------|--------------------------------|
| | \$ 1,138,982 | | \$ 2 | \$ 1,138,984 |
| | 50,825 | | | 50,825 |
| | 303,527 | \$ 852 | | 304,379 |
| | 2,750,721 | 42,714 | | 2,750,721 |
| | <u>\$ 4,244,055</u> | <u>\$ 43,566</u> | <u>\$ 2</u> | <u>\$ 4,287,623</u> |
| | | | | |
| | \$ 128,238 | \$ 2,220 | | \$ 130,458 |
| | 128,338 | 11,502 | | 139,840 |
| | 27,265 | 15,402 | | 15,402 |
| | | 14,442 | | 41,707 |
| | <u>283,841</u> | <u>43,566</u> | | <u>327,407</u> |
| | | | | |
| | 1,836,264 | | | 1,836,264 |
| | 664,457 | | | 664,457 |
| | 250,000 | | | 250,000 |
| | 260,000 | | | 260,000 |
| | | | \$ 2 | 2 |
| | 456,692 | | | 456,692 |
| | 74,773 | | | 74,773 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|-------------------------------------|-----------------|----------------------------|-------------------------|--------------------------------|
| Fund Balances (Cont'd): | | | | |
| Unassigned: | | | | |
| General Fund | \$ 418,028 | | | \$ 418,028 |
| Total Fund Balances | 3,960,214 | | 2 | 3,960,216 |
| Total Liabilities and Fund Balances | \$ 4,244,055 | \$ 43,566 | \$ 2 | |

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

| | |
|---|---------------|
| Capital Assets used in governmental activities are not financial resources and therefore are not reported in the Funds. | 22,794,351 |
| Interest on Long-Term Debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. | (132,842) |
| Bond issuance Premiums are reported as revenue in the governmental funds in the year the bonds are sold. | (54,621) |
| The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds | (2,615,620) |
| Certain amounts related to the Net Pension Liability and Deferred and Amortized in the Statement of Activities are not reported in the Governmental Funds: | |
| Deferred Outflows - Pensions | 430,481 |
| Deferred Inflows - Pensions | (1,129,159) |
| Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds (see Note 8) | (8,340,469) |
| Net Position of Governmental Activities | \$ 14,912,337 |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|-------------------|----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 16,124,600 | | \$ 1,102,938 | \$ 17,227,538 |
| Transportation Fees from Individuals | 42,813 | | | 42,813 |
| Tuition | 81,814 | | | 81,814 |
| Rents and Royalties | 26,920 | | | 26,920 |
| Interest Earned on Maintenance Reserve Funds | 50 | | | 50 |
| Interest on Capital Reserve Funds | 100 | | | 100 |
| Unrestricted Miscellaneous | 197,442 | \$ 40,444 | | 237,886 |
| Total - Local Sources | <u>16,473,739</u> | <u>40,444</u> | <u>1,102,938</u> | <u>17,617,121</u> |
| State Sources | 3,587,547 | 16,784 | | 3,604,331 |
| Federal Sources | 292,311 | | | 292,311 |
| Total Revenues | <u>20,061,286</u> | <u>349,539</u> | <u>1,102,938</u> | <u>21,513,763</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular Instruction | 4,496,570 | 318,756 | | 4,815,326 |
| Special Education Instruction | 1,391,282 | 28,047 | | 1,419,329 |
| Other Special Instruction | 256,596 | | | 256,596 |
| Other Instruction | 12,603 | | | 12,603 |
| Support Services and Undistributed Costs: | | | | |
| Tuition | 331,057 | | | 331,057 |
| Student & Instruction Related Services | 2,693,051 | | | 2,693,051 |
| General Administrative Services | 394,571 | | | 394,571 |
| School Administrative Services | 571,358 | | | 571,358 |
| Central Services | 364,014 | | | 364,014 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------|----------------------------|-------------------------|--------------------------------|
| EXPENDITURES | | | | |
| Support Services and Undistributed Costs: (Cont'd) | | | | |
| Administration Information Technology | \$ 40,458 | | | \$ 40,458 |
| Plant Operations and Maintenance | 1,595,953 | | | 1,595,953 |
| Pupil Transportation | 743,482 | | | 743,482 |
| Allocated and Unallocated Benefits | 5,181,885 | | | 5,181,885 |
| Debt Service: | | | | |
| Principal | | | \$ 785,000 | 785,000 |
| Interest and Other Charges | | | 317,938 | 317,938 |
| Capital Outlay | 897,234 | \$ 2,736 | | 899,970 |
| Transfer of Funds to Charter Schools | 113,056 | | | 113,056 |
| Total Expenditures | 19,083,170 | 349,539 | 1,102,938 | 20,535,647 |
| Net Change in Fund Balances | 978,116 | | | 978,116 |
| Fund Balance—July 1 | 2,982,098 | -0- | 2 | 2,982,100 |
| Fund Balance—June 30 | \$ 3,960,214 | \$ -0- | \$ 2 | \$ 3,960,216 |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 978,116

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

| | | |
|-------------------------|----|--------------------|
| Capital Asset Additions | \$ | 892,103 |
| Depreciation | | <u>(1,386,009)</u> |
| | | (493,906) |

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

785,000

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

6,426

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

12,879

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

| | | |
|---------------------------------|--|-----------|
| Change in Net Pension Liability | | 256,121 |
| Change in Deferred Outflows | | (268,675) |
| Change in Deferred Inflows | | 56,065 |

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(113,075)

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

\$ 1,218,951

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | <u>Business-type Activities - Enterprise Funds</u> |
|---------------------------|--|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | <u>\$ 18,140</u> |
| Total Current Assets | <u>18,140</u> |
| Total Assets | <u>18,140</u> |
| | |
| NET POSITION: | |
| Unrestricted | <u>18,140</u> |
| Total Net Position | <u><u>\$ 18,140</u></u> |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Business-type Activities - Enterprise Fund</u> |
|---------------------------------------|---|
| Operating Revenue: | |
| Charges for Services: | |
| Daily Sales - Reimbursable Programs: | |
| Special Milk Program | \$ 9,921 |
| Total Operating Revenue | <u>9,921</u> |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Programs | 9,733 |
| Salaries | <u>7,072</u> |
| Total Operating Expenses | <u>16,805</u> |
| Operating (Loss) | <u>(6,884)</u> |
| Non-Operating Revenue: | |
| Federal Sources: | |
| Special Milk Program | 3,323 |
| Local Sources: | |
| Interest Revenue | <u>172</u> |
| Total Non-Operating Revenue | <u>3,495</u> |
| Change in Net Position | (3,389) |
| Net Position - Beginning of Year | <u>21,529</u> |
| Net Position - End of Year | <u><u>\$ 18,140</u></u> |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Business-type Activities - Enterprise Funds</u> |
|---|--|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 9,921 |
| Payments for Salaries | (7,072) |
| Payments to Suppliers | (9,733) |
| | (6,884) |
| Net Cash (Used for) Operating Activities | (6,884) |
| Cash Flows from Investing Activities: | |
| Interest Revenue | 172 |
| | 172 |
| Net Cash Provided by Investing Activities | 172 |
| Cash Flows from Noncapital Financing Activities: | |
| Federal Sources - Special Milk Program | 4,132 |
| Settlement of Prior Year Interfund - General Fund | 3,351 |
| | 7,483 |
| Net Cash Provided by Noncapital Financing Activities | 7,483 |
| Net Increase in Cash and Cash Equivalents | 771 |
| Cash and Cash Equivalents, July 1 | 17,369 |
| Cash and Cash Equivalents, June 30 | \$ 18,140 |
| Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities: | |
| Operating (Loss) | \$ (6,884) |
| Net Cash (Used for) Operating Activities | \$ (6,884) |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

| | <u>Agency</u> | <u>Flexible Spending Trust</u> | <u>Unemployment Compensation Trust</u> |
|---|----------------|--|--|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 168,872 | | \$ 104,302 |
| Interfund Receivable - General Fund | 128,338 | | 80,436 |
| Interfund Receivable - Payroll Agency | | \$ 5,200 | |
| Total Assets | <u>297,210</u> | <u>5,200</u> | <u>184,738</u> |
| LIABILITIES: | | | |
| Accrued Salaries and Wages | 128,338 | | |
| Interfund Payable - General Fund | 39,323 | | |
| Interfund Payable - Unemployment Trust | 80,436 | | |
| Interfund Payable - Flexible Spending Trust | 5,200 | | |
| Due to Student Groups | 43,913 | | |
| Total Liabilities | <u>297,210</u> | | |
| NET POSITION: | | | |
| Held in Trust for Unemployment Claims | | | 184,738 |
| Held in Trust for Flexible Spending Claims | | 5,200 | |
| Total Net Position | <u>\$ -0-</u> | <u>\$ 5,200</u> | <u>\$ 184,738</u> |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Flexible Spending Trust</u> | <u>Unemployment Compensation Trust</u> |
|--------------------------------------|--|--|
| ADDITIONS: | | |
| Contributions: | | |
| Plan Member | \$ 25,339 | \$ 29,822 |
| Total Contributions | <u>25,339</u> | <u>29,822</u> |
| Total Additions | <u>25,339</u> | <u>29,822</u> |
| DEDUCTIONS: | | |
| Unemployment Benefit Claims | | 18,795 |
| Flexible Spending Claims | <u>25,339</u> | |
| Total Deductions | <u>25,339</u> | <u>18,795</u> |
| Change in Net Position | | 11,027 |
| Net Position - Beginning of the Year | <u>5,200</u> | <u>173,711</u> |
| Net Position - End of the Year | <u>\$ 5,200</u> | <u>\$ 184,738</u> |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

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

The District reports the following proprietary fund:

Enterprise (Milk Service) Fund: This Enterprise Fund accounts for all revenue and expenses pertaining to the District's cafeteria operations. The fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-------------------------|-------------------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" | | |
| from the Budgetary Comparison Schedule | \$ 20,065,702 | \$ 321,025 |
| Difference - Budgetary to GAAP: | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not. | | 28,514 |
| Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes | 66,245 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | <u>(70,661)</u> | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 20,061,286</u> | <u>\$ 349,539</u> |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 19,083,170 | \$ 321,025 |
| Differences - Budgetary to GAAP: | | |
| Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes. | | <u>28,514</u> |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 19,083,170</u> | <u>\$ 349,539</u> |

E. Cash and Cash Equivalents and Investments:

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. There were \$128,338 in accrued salaries and wages as of June 30, 2020 mostly for accumulated sick day payouts that was paid in the next payroll.

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,960,214 General Fund fund balance at June 30, 2020, \$1,836,264 is restricted in the capital reserve account; \$664,457 is restricted in the maintenance reserve account; \$250,000 is restricted in the emergency reserve account; \$260,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021; \$456,692 is assigned for encumbrances; and \$418,028 is unassigned which is \$70,661 less than the calculated maximum unassigned fund balance, on a Budgetary Basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021 on a GAAP basis.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2020 of \$2 is restricted for subsequent year's expenditures.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

P. Fund Balance Appropriated:(Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted on the prior page.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$70,661 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$3,348,737 in governmental activities, which is primarily due to compensated absences payable and net pension liability and related deferred liabilities and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

R. Net Position: (Cont'd)

The District had deferred outflows and inflows of resources at June 30, 2020 related to pensions. Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and for amounts designated for subsequent years' expenditures in the General Fund at June 30, 2020.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

T. Operating Revenue and Expenses:

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

U. Revenue - Exchange and Nonexchange Transactions:

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

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

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

V. Management Estimates:

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

W. Pensions:

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

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

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

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments:

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

| | Cash and Cash Equivalents | Restricted Cash and Cash Equivalents | | | |
|-------------------|---------------------------------|--------------------------------------|-----------------------------------|---------------------------------|---------------------|
| | | Capital Reserve Account | Maintenance Reserve Account | Emergency Reserve Account | Total |
| Checking Accounts | \$ 1,430,298 | \$ 1,836,264 | \$ 664,457 | \$ 250,000 | \$ 4,181,019 |
| | <u>\$ 1,430,298</u> | <u>\$ 1,836,264</u> | <u>\$ 664,457</u> | <u>\$ 250,000</u> | <u>\$ 4,181,019</u> |

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$4,181,019 and the bank balance was \$5,068,820.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

| | |
|--|---------------------|
| Beginning Balance, July 1, 2019 | \$ 1,656,052 |
| Interest Earnings | 100 |
| Unexpended Balance Returned - Capital Outlay | 387,112 |
| Transfer by Board Resolution - June, 22 2020 | 1,000,000 |
| Budgeted Withdrawal | <u>(1,207,000)</u> |
| Ending Balance, June 30, 2020 | <u>\$ 1,836,264</u> |

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

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, there were no transfers to capital outlay.

NOTE 6. MAINTENANCE RESERVE ACCOUNT

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

| | | |
|--|-----------|----------------|
| Beginning Balance, July 1, 2019 | \$ | 300,050 |
| Interest Earnings | | 50 |
| Transfer by Board Resolution - June, 22 2020 | | 364,357 |
| Ending Balance, June 30, 2020 | <u>\$</u> | <u>664,457</u> |

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

| | Beginning Balance | Increases | Adjustments/ Decreases | Ending Balance |
|--|----------------------|--------------|---------------------------|-------------------|
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Sites (Land) | \$ 8,567,700 | | | \$ 8,567,700 |
| Total Capital Assets Not Being Depreciated | 8,567,700 | | | 8,567,700 |
| Capital Assets Being Depreciated: | | | | |
| Site Improvement | 61,300 | | | 61,300 |
| Buildings and Building Improvements | 35,165,781 | \$ 886,853 | | 36,052,634 |
| Machinery and Equipment | 726,197 | 5,250 | | 731,447 |
| Total Capital Assets Being Depreciated | 35,953,278 | 892,103 | | 36,845,381 |
| Governmental Activities Capital Assets | 44,520,978 | 892,103 | | 45,413,081 |
| Less Accumulated Depreciation for: | | | | |
| Site Improvement | (14,428) | (3,065) | | (17,493) |
| Buildings and Building Improvements | (20,781,021) | (1,304,274) | | (22,085,295) |
| Machinery and Equipment | (437,272) | (78,670) | | (515,942) |
| | (21,232,721) | (1,386,009) | | (22,618,730) |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 23,288,257 | \$ (493,906) | \$ -0- | \$ 22,794,351 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

As of June 30, 2020, the District did not have active capital construction projects in process.

Depreciation expense was charged to governmental functions as follows:

| | |
|--|---------------------|
| Regular Instruction | \$ 513,051 |
| Special Education | 158,743 |
| Other Instruction | 68,488 |
| Student and Instructional Support Services | 307,272 |
| General Administrative | 45,020 |
| School Administrative | 65,191 |
| Central Services | 41,533 |
| Administration Information Technology | 4,616 |
| Plant Operations and Maintenance | <u>182,095</u> |
| | <u>\$ 1,386,009</u> |

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

| | <u>Balance</u> <u>6/30/2019</u> | <u>Accrued</u> | <u>Adjustment/</u> <u>Retired</u> | <u>Balance</u> <u>6/30/2020</u> |
|------------------------------|------------------------------------|-------------------|--------------------------------------|------------------------------------|
| Serial Bonds Payable | \$ 8,329,000 | | \$ 785,000 | \$ 7,544,000 |
| Compensated Absences Payable | 683,394 | \$ 113,075 | | 796,469 |
| Net Pension Liability | 2,871,741 | | 256,121 | 2,615,620 |
| Bond Issuance Premium | <u>61,047</u> | | <u>6,426</u> | <u>54,621</u> |
| | <u>\$ 11,945,182</u> | <u>\$ 113,075</u> | <u>\$ 1,047,547</u> | <u>\$ 11,010,710</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

A. Bonds Premium:

The Unamortized bond issuance premium of the governmental fund types is recorded in the non-current liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$6,426 and the long-term portion is \$48,195.

B. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2020 as follows:

| Purpose | Final Maturity | Interest Rate | Amount |
|--------------------------------|-------------------|------------------|---------------------|
| School Refunding Bonds of 2012 | 1/15/2029 | 4.00% | \$ 6,835,000 |
| School Bonds of 2014 | 1/15/2024 | 2.00% - 2.50% | 709,000 |
| | | | <u>\$ 7,544,000</u> |

The current portion of bonds payable at June 30, 2020 is \$815,000.

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

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------------|---------------------|---------------------|---------------------|
| 2021 | \$ 815,000 | \$ 289,838 | \$ 1,104,838 |
| 2022 | 850,000 | 260,638 | 1,110,638 |
| 2023 | 880,000 | 229,700 | 1,109,700 |
| 2024 | 909,000 | 197,200 | 1,106,200 |
| 2025 | 755,000 | 163,600 | 918,600 |
| 2026-2029 | 3,335,000 | 339,600 | 3,674,600 |
| | <u>\$ 7,544,000</u> | <u>\$ 1,480,575</u> | <u>\$ 9,024,575</u> |

C. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term portion of compensated absences is \$796,469. There is no current portion of the compensated absences liability at June 30, 2020. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$2,615,620. See Note 10 for further information on the PERS.

NOTE 9. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Long Hill Township School District for the accumulation of funds for use as unanticipated General Fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the Emergency Reserve Account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

| | | |
|--|----|---------|
| Beginning Balance, July 1, 2019 | \$ | -0- |
| Transfer by Board Resolution - June, 22 2020 | | 250,000 |
| Ending Balance, June 30, 2020 | \$ | 250,000 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers’ contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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. District contributions to PERS amounted to \$142,100 for 2020.

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

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

At June 30, 2020, the District's liability was \$2,615,620 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.01452%, which was a decrease of 0.00007% from its proportion measured as of June 30, 2018.

For the fiscal year ended December 31, 2020, the District recognized pension expense of \$97,689. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources on the following page.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

| | Deferral Year | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 6.44 | \$ 6,913 | |
| | 2015 | 5.72 | 42,742 | |
| | 2016 | 5.57 | 211,524 | |
| | 2017 | 5.48 | | \$ 375,483 |
| | 2018 | 5.48 | | 303,424 |
| | 2019 | 5.21 | | 228,966 |
| | | | | <u>261,179</u> |
| Changes in Proportion | 2014 | 6.44 | 3,950 | |
| | 2015 | 5.72 | | 6,655 |
| | 2016 | 5.57 | 19,966 | |
| | 2017 | 5.48 | | 149,184 |
| | 2018 | 5.48 | 98,435 | |
| | 2019 | 5.21 | | 12,599 |
| | | | | <u>122,355</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2016 | 5.00 | | (48,277) |
| | 2017 | 5.00 | | 57,936 |
| | 2018 | 5.00 | | 40,299 |
| | 2019 | 5.00 | | (8,669) |
| | | | | <u>41,289</u> |
| Difference Between Expected and Actual Experience | 2015 | 5.72 | 11,859 | |
| | 2016 | 5.57 | 6,419 | |
| | 2017 | 5.48 | 11,167 | |
| | 2018 | 5.48 | | 11,555 |
| | 2019 | 5.21 | 17,502 | |
| | | | <u>46,947</u> | <u>11,555</u> |
| District Contribution Subsequent to the Measurement Date | 2019 | 1.00 | 188,000 | |
| | | | <u>\$ 618,481</u> | <u>\$ 1,129,151</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|------------|
| 2020 | \$ 75,527 |
| 2021 | 245,009 |
| 2022 | 218,779 |
| 2023 | 102,728 |
| 2024 | 10,548 |
| | \$ 652,591 |

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation Rate | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00 – 6.00% based on years of service |
| Thereafter | 3.00 – 7.00% based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the table on the following page.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Risk Management Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. 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 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2019 | | |
|--|---------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
| District's proportionate share of the Net Pension Liability | \$ 3,326,938 | \$ 2,615,620 | \$ 2,049,763 |

Pension plan Fiduciary Net Position

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$1,442,517 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,379,820.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$40,347,781. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0657%, which was an increase of 0.0014% from its proportion measured as of June 30, 2018.

| | | |
|--|----|------------|
| District's Proportionate Share of the Net Pension Liability | \$ | -0- |
| State's Proportionate Share of the Net Pension Liability Associated with the District | | 40,347,781 |
| Total | \$ | 40,347,781 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$2,379,820 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

| | Year of Deferral | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 8.5 | \$ 768,874,621 | |
| | 2015 | 8.3 | 2,351,172,865 | |
| | 2016 | 8.3 | 5,609,216,856 | |
| | 2017 | 8.3 | | \$ 8,483,527,374 |
| | 2018 | 8.29 | | 5,172,258,445 |
| | 2019 | 8.04 | | 3,507,345,617 |
| | | | | 8,729,264,342 |
| Difference Between Expected and Actual Experience | 2014 | 8.5 | | 7,323,009 |
| | 2015 | 8.3 | 145,211,243 | |
| | 2016 | 8.3 | | 69,755,412 |
| | 2017 | 8.3 | 150,939,884 | |
| | 2018 | 8.29 | 907,352,137 | |
| | 2019 | 8.04 | | 136,265,890 |
| | | | | 1,203,503,264 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2016 | 5 | | (431,855,192) |
| | 2017 | 5 | | 452,016,524 |
| | 2018 | 5 | | 288,091,115 |
| | 2019 | 5 | | (144,882,771) |
| | | | \$ 9,932,767,606 | \$ 17,539,845,423 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------|
| 2020 | \$ (272,405,510) |
| 2021 | (704,260,700) |
| 2022 | (630,562,767) |
| 2023 | (1,216,378,743) |
| 2024 | (2,381,316,232) |
| Thereafter | (2,402,153,865) |
| | \$ (7,607,077,817) |

Actuarial Assumptions

| | |
|---------------------------|--|
| Inflation Rate | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55 – 4.45% based on years of service |
| Thereafter | 2.75 – 5.65% based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries.

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2019 | | |
|---|------------------------------|--|------------------------------|
| | At 1% Decrease (4.60%) | At Current Discount Rate (5.60%) | At 1% Increase (6.60%) |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 47,578,964 | \$ 40,347,781 | \$ 34,348,183 |

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$21,844 for the year ended June 30, 2020. Employee contributions to DCRP amounted to \$29,667 for the year ended June 30, 2020.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

| | |
|---|-----------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments | 148,051 |
| Active Plan Members | <u>216,892</u> |
| Total | <u><u>364,943</u></u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | | |
|-------------------|---------------------------|---------------------------|
| Inflation Rate | 2.50% | |
| | TPAF/ABP | PERS |
| Salary Increases: | | |
| Through 2026 | 1.55 - 3.05% | 2.00 - 6.00% |
| | based on service years | based on service years |
| Thereafter | 1.55 - 3.05% | 3.00 - 7.00% |
| | based on service years | based on service years |

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

| | Total OPEB Liability |
|--|-------------------------|
| Balance at June 30, 2018 | \$ 27,014,461 |
| Changes for Year: | |
| Service Cost | 941,188 |
| Interest Cost | 1,069,273 |
| Differences between Expected and Actual Experience | (4,829,278) |
| Changes in Assumptions | 355,456 |
| Member Contributions | 21,693 |
| Gross Benefit Payments | (731,816) |
| Net Changes | (3,173,484) |
| Balance at June 30, 2019 | \$ 23,840,977 |

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2019 | | |
|--|---|--------------------------------|------------------------------|
| | At 1% Decrease (2.50%) | At Discount Rate (3.50%) | At 1% Increase (4.50%) |
| | Total OPEB Liability Attributable to the District | \$ 28,165,615 | \$ 23,840,977 |

The information on the following page shows the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

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

| | June 30, 2019 | | |
|---|----------------|-------------------------------|----------------|
| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| Total OPEB Liability Attributable to the District | \$ 19,643,902 | \$ 23,840,977 | \$ 29,397,042 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$748,643 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

| | Deferral Year | Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|------------------|--------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2017 | 9.54 | | \$ 2,775,572 |
| | 2018 | 9.51 | | 2,387,367 |
| | 2019 | 9.29 | \$ 317,207 | 5,162,939 |
| | | | 317,207 | 5,162,939 |
| Differences between Expected and Actual Experience | 2018 | 9.51 | | 2,256,805 |
| | 2019 | 9.29 | | 3,733,545 |
| | | | | 5,990,350 |
| Changes in Proportion | N/A | N/A | | 1,421,932 |
| | | | \$ 317,207 | \$ 12,575,221 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS (Cont'd)

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

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

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|-----------------|
| 2020 | \$ (1,454,901) |
| 2021 | (1,454,901) |
| 2022 | (1,454,901) |
| 2023 | (1,454,901) |
| 2024 | (1,454,901) |
| Thereafter | (3,561,577) |
| | \$ (10,836,082) |

NOTE 12. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability and surety bonds. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to District employees through Horizon Blue Cross/Blue Shield and dental benefits are provided through Delta Dental.

New Jersey Unemployment Compensation Insurance

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

| Fiscal Year Ending June 30, | Employee Contributions | Amount Reimbursed | Ending Balance |
|--------------------------------|---------------------------|----------------------|-------------------|
| 2020 | \$ 29,822 | \$ 18,795 | \$ 184,738 |
| 2019 | | 24,350 | 173,711 |
| 2018 | 14,441 | 6,694 | 198,061 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability

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

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

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

The June 30, 2020 audit report of the MEIG was not available as of the date of this report. Selected financial information for MEIG as of June 30, 2019 is as follows:

| | Morris Essex Insurance Group |
|--|---------------------------------|
| Total Assets | \$ 11,171,182 |
| Net Position | \$ 7,785,886 |
| Total Revenue | \$ 3,977,325 |
| Total Expenses | \$ 2,961,545 |
| Change in Net Position | \$ 1,015,780 |
| Net Position Distribution to Participating Members | \$ 1,026,731 |

Property, Liability and Health Benefits

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2020:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| General Fund | \$ 50,825 | \$ 128,338 |
| Special Revenue Fund | | 11,502 |
| Fiduciary Funds: | | |
| Agency Fund | 128,338 | 124,959 |
| Flexible Spending Trust | 5,200 | |
| Unemployment Compensation Trust | 80,436 | |
| | <u>\$ 264,799</u> | <u>\$ 264,799</u> |

The interfund between the General Fund and the Payroll Agency Fund represents the unallocated balance in the Net Payroll and Agency Accounts as of June 30, 2020. The interfund between General Fund and Special Revenue Fund represents cash transferred to cover grant expenses before grant reimbursements are received. The interfund receivable in the Payroll Agency Fund is for accrued payroll due from the General Fund.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

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

NOTE 16. TAX CALENDAR

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. COMMITMENTS AND CONTINGENCIES

Litigation:

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

Grant Programs:

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

Encumbrances:

The following encumbrance balances existed as of June 30, 2020:

| | Governmental Funds | | |
|--------------|--------------------|--------------|--------------------|
| | General | Special | Total |
| | Fund | Revenue Fund | Governmental Funds |
| Encumbrances | \$ 456,692 | \$ 1,657 | \$ 458,349 |

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,657 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 18. ACCOUNTS PAYABLE

The following accounts payable balances existed as of June 30, 2020:

| | Governmental Funds | | District Contribution Subsequent to the Measurement Date | Total Governmental Activities |
|---------------------|--------------------|-------------------------|--|-------------------------------------|
| | General Fund | Special Revenue Fund | | |
| Vendors | \$ 128,238 | \$ 2,220 | | \$ 130,458 |
| State of New Jersey | | | \$ 188,000 | 188,000 |
| | \$ 128,238 | \$ 2,220 | \$ 188,000 | \$ 318,458 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Enterprise Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2021 as sales have decreased and may continue to do so.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

| | Fiscal Year Ending June 30, | | | | | |
|---|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| District's proportion of the net pension liability | 0.0153385750% | 0.0150636512% | 0.0154202164% | 0.0139082413% | 0.0145851379% | 0.0145163165% |
| District's proportionate share of the net pension liability | \$ 2,871,801 | \$ 3,381,488 | \$ 4,567,026 | \$ 3,237,616 | \$ 2,871,741 | \$ 2,615,620 |
| District's covered employee payroll | \$ 968,092 | \$ 1,038,723 | \$ 992,699 | \$ 959,527 | \$ 954,517 | \$ 904,491 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 296.65% | 325.54% | 460.06% | 337.42% | 300.86% | 289.18% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% | 40.14% | 48.10% | 53.60% | 56.27% |

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

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

| | Fiscal Year Ending June 30, | | | | | |
|--|-----------------------------|------------|------------|------------|------------|------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | \$ 126,449 | \$ 129,507 | \$ 136,991 | \$ 128,845 | \$ 145,075 | \$ 142,100 |
| Contributions in relation to the contractually required contribution | (126,449) | (129,507) | (136,991) | (128,845) | (145,075) | (142,100) |
| Contribution deficiency/(excess) | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |
| District's covered employee payroll | \$ 1,038,723 | \$ 992,699 | \$ 959,527 | \$ 954,517 | \$ 904,491 | \$ 868,071 |
| Contributions as a percentage of covered employee payroll | 12.17% | 13.05% | 14.28% | 13.50% | 16.04% | 16.37% |

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

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

| | Fiscal Year Ending June 30, | | | | | |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| State's proportion of the net pension liability attributable to the District | 0.0669638876% | 0.0626910940% | 0.0673556169% | 0.0675625112% | 0.0643526151% | 0.0657441105% |
| State's proportionate share of the net pension liability attributable to the District | \$ 35,790,018 | \$ 39,623,449 | \$ 52,986,217 | \$ 45,553,081 | \$ 40,939,751 | \$ 40,347,781 |
| District's covered employee payroll | \$ 6,724,784 | \$ 6,604,240 | \$ 6,604,240 | \$ 6,793,820 | \$ 6,984,419 | \$ 7,040,489 |
| State's proportionate share of the net pension liability attributable to the District as a percentage of District's covered employee payroll | 532.21% | 599.97% | 802.31% | 670.51% | 586.16% | 573.08% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.33% | 25.41% | 26.49% | 26.95% |

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

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

| | Fiscal Year Ending June 30, | | | | | |
|--|-----------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | \$ 1,925,839 | \$ 2,419,368 | \$ 3,981,177 | \$ 3,155,687 | \$ 2,386,644 | \$ 2,379,820 |
| Contributions in relation to the contractually required contribution | <u>(613,712)</u> | <u>(904,010)</u> | <u>(1,201,443)</u> | <u>(1,681,149)</u> | <u>(1,293,028)</u> | <u>(1,442,517)</u> |
| Contribution deficiency/(excess) | <u>\$ 1,312,127</u> | <u>\$ 1,515,358</u> | <u>\$ 2,779,734</u> | <u>\$ 1,474,538</u> | <u>\$ 1,093,616</u> | <u>\$ 937,303</u> |
| District's covered employee payroll | \$ 6,724,784 | \$ 6,604,240 | \$ 6,793,820 | \$ 6,984,419 | \$ 7,040,489 | \$ 7,056,140 |
| Contributions as a percentage of covered employee payroll | 28.64% | 36.63% | 58.60% | 45.18% | 33.90% | 33.73% |

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

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

| | Fiscal Year Ending June 30, | |
|--|-----------------------------|---------------|
| | 2017 | 2018 |
| Total OPEB Liability | | |
| Service Cost | \$ 1,264,188 | \$ 1,048,075 |
| Interest Cost | 1,014,047 | 1,173,806 |
| Differences between Expected and Actual Experience | (4,148,799) | (3,495,423) |
| Changes in Assumptions | 27,365 | 24,966 |
| Member Contributions | (743,167) | (722,357) |
| Gross Benefit Payments | (2,586,366) | (5,070,978) |
| Net Change in Total OPEB Liability | 34,671,805 | 32,085,439 |
| Total OPEB Liability - Beginning | \$ 32,085,439 | \$ 27,014,461 |
| Total OPEB Liability - Ending | \$ 7,596,939 | \$ 7,753,347 |
| District's Covered Employee Payroll * | 422% | 348% |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 300% | 300% |

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

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

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

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

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 16,124,600 | | \$ 16,124,600 | \$ 16,124,600 | |
| Transportation Fees from Individuals | 15,000 | | 15,000 | 42,813 | 27,813 |
| Rents and Royalties | 16,000 | | 16,000 | 26,920 | 10,920 |
| Tuition from Other LEAs Within the State | 49,500 | | 49,500 | 4,500 | (45,000) |
| Tuition from Individuals | 56,000 | | 56,000 | 77,314 | 21,314 |
| Interest Earned on Maintenance Reserve Funds | 50 | | 50 | 50 | |
| Interest Earned on Capital Reserve Funds | 100 | | 100 | 100 | |
| Unrestricted Miscellaneous | 43,101 | | 43,101 | 197,442 | 154,341 |
| Total - Local Sources | 16,304,351 | | 16,304,351 | 16,473,739 | 169,388 |
| State Sources: | | | | | |
| Special Education Categorical Aid | 602,818 | | 602,818 | 602,818 | |
| Categorical Security Aid | 13,945 | | 13,945 | 13,945 | |
| Categorical Transportation Aid | 171,428 | | 171,428 | 171,428 | |
| Extraordinary Aid | 120,519 | | 120,519 | 278,059 | 157,540 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 1,442,517 | 1,442,517 |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 25,855 | 25,855 |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) | | | | 544,739 | 544,739 |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 1,313 | 1,313 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 511,289 | 511,289 |
| Total State Sources | 908,710 | | 908,710 | 3,591,963 | 2,683,253 |
| TOTAL REVENUES | 17,213,061 | | 17,213,061 | 20,065,702 | 2,852,641 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | \$ 409,013 | \$ (1,000) | \$ 408,013 | \$ 407,663 | \$ 350 |
| Grades 1-5 - Salaries of Teachers | 2,232,033 | 65,498 | 2,297,531 | 2,290,028 | 7,503 |
| Grades 6-8 - Salaries of Teachers | 1,551,440 | 19,374 | 1,570,814 | 1,530,905 | 39,909 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 4,200 | 2,818 | 7,018 | 7,018 | |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional - Educational Services | 165,500 | (123,157) | 42,343 | 25,652 | 16,691 |
| Other Purchased Services (400-500 series) | 89,425 | 31,800 | 121,225 | 52,998 | 68,227 |
| General Supplies | 265,767 | 67,830 | 333,597 | 172,670 | 160,927 |
| Textbooks | 8,500 | (5,959) | 2,541 | 2,050 | 491 |
| Other Objects | | 7,586 | 7,586 | 7,586 | |
| Total Regular Programs - Instruction | 4,725,878 | 64,790 | 4,790,668 | 4,496,570 | 294,098 |
| Special Education - Instruction: | | | | | |
| Learning and/or Language Disabilities: | | | | | |
| Salaries of Teachers | | 500 | 500 | 79 | 421 |
| General Supplies | 2,000 | | 2,000 | 357 | 1,643 |
| Textbooks | 500 | | 500 | | 500 |
| Total Learning and/or Language Disabilities | 2,500 | 500 | 3,000 | 436 | 2,564 |
| Auditory Impairments: | | | | | |
| Purchased Technical Services | 4,000 | 2,000 | 6000 | 5,436 | 564 |
| Total Auditory Impairments | 4,000 | 2,000 | 6000 | 5,436 | 564 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Special Education - Instruction: | | | | | |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | \$ 112,145 | | \$ 112,145 | \$ 111,145 | \$ 1,000 |
| Other Salaries for Instruction | 101,924 | \$ (29,948) | 71,976 | 60,443 | 11,533 |
| General Supplies | 7,000 | (1,000) | 6,000 | 991 | 5,009 |
| Total Multiple Disabilities | 221,069 | (30,948) | 190,121 | 172,579 | 17,542 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 1,204,845 | (89,387) | 1,115,458 | 1,075,429 | 40,029 |
| General Supplies | 12,000 | (1,000) | 11,000 | 10,347 | 653 |
| Textbooks | | 1,000 | 1,000 | | 1,000 |
| Total Resource Room/Resource Center | 1,216,845 | (89,387) | 1,127,458 | 1,085,776 | 41,682 |
| Autism: | | | | | |
| Purchased Technical Services | 3,000 | (3,000) | | | |
| Total Autism | 3,000 | (3,000) | | | |
| Preschool Disabilities - Part-time: | | | | | |
| Salaries of Teachers | 139,535 | (18,000) | 121,535 | 121,408 | 127 |
| General Supplies | 5,105 | | 5,105 | 1,780 | 3,325 |
| Total Preschool Disabilities - Part-time | 144,640 | (18,000) | 126,640 | 123,188 | 3,452 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|-----------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Special Education - Instruction: | | | | | |
| Home Instruction: | | | | | |
| Salaries of Teachers | \$ 1,550 | \$ 5,000 | \$ 6,550 | \$ 3,867 | \$ 2,683 |
| Total Home Instruction | 1,550 | 5,000 | 6,550 | 3,867 | 2,683 |
| Total Special Education Instruction | 1,593,604 | (133,835) | 1,459,769 | 1,391,282 | 68,487 |
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 189,132 | (14,236) | 174,896 | 155,493 | 19,403 |
| General Supplies | 900 | (827) | 73 | 73 | |
| Total Basic Skills/Remedial - Instruction | 190,032 | (15,063) | 174,969 | 155,566 | 19,403 |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 97,572 | 3,225 | 100,797 | 100,765 | 32 |
| General Supplies | 1,800 | (1,535) | 265 | 265 | |
| Total Bilingual Education - Instruction | 99,372 | 1,690 | 101,062 | 101,030 | 32 |
| School-Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | 27,200 | 1,171 | 28,371 | 10,071 | 18,300 |
| Purchased Services (300-500 series) | | 900 | 900 | 300 | 600 |
| Other Objects | 900 | 1,645 | 2,545 | 2,232 | 313 |
| Total School-Sponsored Cocurricular Activities - Instruction | 28,100 | 3,716 | 31,816 | 12,603 | 19,213 |
| Total Instruction | 6,636,986 | (78,702) | 6,558,284 | 6,157,051 | 401,233 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|-----------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Undistributed Expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Special | \$ 184,962 | \$ (42,800) | \$ 142,162 | \$ 89,156 | \$ 53,006 |
| Tuition to Private Schools for the Disabled - Within the State | 239,755 | 10,000 | 249,755 | 241,901 | 7,854 |
| Total Undistributed Expenditures - Instruction: | 424,717 | (32,800) | 391,917 | 331,057 | 60,860 |
| Health Services: | | | | | |
| Salaries | 253,235 | 2,711 | 255,946 | 253,350 | 2,596 |
| Purchased Professional and Technical Services | 3,000 | 4,410 | 7,410 | 5,375 | 2,035 |
| Supplies and Materials | 5,000 | (410) | 4,590 | 2,586 | 2,004 |
| Total Health Services | 261,235 | 6,711 | 267,946 | 261,311 | 6,635 |
| Speech, OT, PT, and Related Services: | | | | | |
| Salaries | 391,910 | (107,739) | 284,171 | 276,541 | 7,630 |
| Purchased Professional - Educational Services | 45,000 | 86,577 | 131,577 | 63,294 | 68,283 |
| Supplies and Materials | 3,000 | | 3,000 | 1,296 | 1,704 |
| Total Speech, OT, PT, and Related Services | 439,910 | (21,162) | 418,748 | 341,131 | 77,617 |
| Other Support Services - Students - Extraordinary Services: | | | | | |
| Salaries | 882,887 | (53,207) | 829,680 | 811,462 | 18,218 |
| Purchased Professional - Educational Services | 127,428 | 109,766 | 237,194 | 172,689 | 64,505 |
| Supplies and Materials | 7,500 | | 7,500 | 2,048 | 5,452 |
| Total Other Support Services - Students - Extraordinary Services | 1,017,815 | 56,559 | 1,074,374 | 986,199 | 88,175 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Guidance: | | | | | |
| Salaries of Other Professional Staff | \$ 206,445 | \$ (13,125) | \$ 193,320 | \$ 192,903 | \$ 417 |
| Other Purchased Professional and Technical Services | 38,000 | (32,000) | 6,000 | | |
| Other Purchased Services (400-500 Series) | 1,000 | | 1,000 | | |
| Supplies and Materials | 2,500 | (645) | 1,855 | 1,212 | 643 |
| Total Guidance | <u>247,945</u> | <u>(45,770)</u> | <u>202,175</u> | <u>194,115</u> | <u>1,060</u> |
| Child Study Teams: | | | | | |
| Salaries of Other Professional Staff | 313,515 | (66,725) | 246,790 | 246,790 | |
| Salaries of Secretarial and Clerical Assistants | 86,550 | (9,052) | 77,498 | 58,105 | 19,393 |
| Purchased Professional - Educational Services | 125,000 | 49,220 | 174,220 | 134,590 | 39,630 |
| Other Purchased Professional and Technical Services | 3,400 | 11,620 | 11,620 | 11,620 | |
| Miscellaneous Purchased Services (400-500 series) | 8,208 | | 3,400 | 184 | 3,216 |
| Supplies and Materials | 1,000 | 3,000 | 11,208 | 8,274 | 2,934 |
| Other Objects | 1,000 | | 1,000 | | 1,000 |
| Total Child Study Teams | <u>537,673</u> | <u>(11,937)</u> | <u>525,736</u> | <u>459,563</u> | <u>66,173</u> |
| Improvement of Instructional Services: | | | | | |
| Salaries of Supervisor of Instruction | 64,044 | 1,194 | 65,238 | 65,238 | |
| Salaries of Secretarial and Clerical Assistants | 28,235 | | 28,235 | 27,935 | 300 |
| Salaries of Other Professional Staff | 5,300 | 510 | 5,810 | 5,764 | 46 |
| Other Purchased Services (400-500 series) | 500 | | 500 | | 500 |
| Total Improvement of Instructional Services | <u>98,079</u> | <u>1,704</u> | <u>99,783</u> | <u>98,937</u> | <u>846</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Educational Media Services/School Library: | | | | | |
| Salaries | \$ 212,190 | \$ (17,300) | \$ 194,890 | \$ 193,917 | \$ 973 |
| Salaries of Technology Coordinators | | 95,481 | 95,481 | 89,024 | 6,457 |
| Purchased Professional and Technical Services | 3,000 | 72,492 | 75,492 | 36,392 | 39,100 |
| Other Purchased Services (400-500 series) | | 600 | 600 | 71 | 529 |
| Supplies and Materials | 11,000 | 25,694 | 36,694 | 31,260 | 5,434 |
| Other Objects | 500 | | 500 | 360 | 140 |
| Total Educational Media Services/School Library | 226,690 | 176,967 | 403,657 | 351,024 | 52,633 |
| Instructional Staff Training Services: | | | | | |
| Purchased Professional - Educational Services | 500 | 500 | 500 | 500 | |
| Purchased Professional and Technical Services | | 145 | 645 | 145 | 500 |
| Other Purchased Services (400-500 series) | 15,000 | (1,145) | 13,855 | 126 | 13,729 |
| Supplies and Materials | 100 | | 100 | | 100 |
| Total Instructional Staff Training Services | 15,600 | (500) | 15,100 | 771 | 14,329 |
| Support Services - General Administration: | | | | | |
| Salaries | 242,928 | (2,000) | 240,928 | 237,478 | 3,450 |
| Legal Services | 73,000 | 2,000 | 75,000 | 56,358 | 18,642 |
| Audit Fees | 53,000 | 5,000 | 58,000 | 23,000 | 35,000 |
| Other Purchased Professional Services | 850 | (500) | 350 | | 350 |
| Communications/Telephone | 38,000 | 21,933 | 59,933 | 45,627 | 14,306 |
| BOE Other Purchased Services | 3,000 | (350) | 2,650 | 1,379 | 1,271 |
| Miscellaneous Purchased Services (400-500 series) | 1,500 | 17,833 | 19,333 | 13,724 | 5,609 |
| General Supplies | 4,705 | (1,650) | 3,055 | 1,188 | 1,867 |
| Miscellaneous Expenditures | 9,500 | (2,800) | 6,700 | 5,183 | 1,517 |
| BOE Membership Dues and Fees | 7,000 | 3,634 | 10,634 | 10,634 | |
| Total Support Services - General Administration | 433,483 | 43,100 | 476,583 | 394,571 | 82,012 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|----------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Support Services - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | \$ 325,906 | \$ 25,182 | \$ 351,088 | \$ 346,476 | 4,612 |
| Salaries of Secretarial and Clerical Assistants | 220,128 | | 220,128 | 218,048 | 2,080 |
| Other Purchased Services (400-500 series) | 4,500 | 2,900 | 7,400 | 1,144 | 6,256 |
| Supplies and Materials | 4,400 | 3,429 | 7,829 | 1,986 | 5,843 |
| Other Objects | 6,000 | 1,200 | 7,200 | 3,704 | 3,496 |
| Total Support Services - School Administration | 560,934 | 32,711 | 593,645 | 571,358 | 22,287 |
| Central Services: | | | | | |
| Salaries | 293,341 | 35,503 | 328,844 | 320,380 | 8,464 |
| Purchased Professional Services | | 39,900 | 39,900 | 28,669 | 11,231 |
| Purchased Technical Services | | 9,928 | 9,928 | 8,577 | 1,351 |
| Miscellaneous Purchased Services (400-500 series) | 6,000 | (1,500) | 4,500 | 83 | 4,417 |
| Supplies and Materials | 5,000 | 100 | 5,100 | 3,510 | 1,590 |
| Miscellaneous Expenditures | 4,000 | 1,000 | 5,000 | 2,795 | 2,205 |
| Total Central Services | 308,341 | 84,931 | 393,272 | 364,014 | 29,258 |
| Administration Information Technology: | | | | | |
| Salaries | 125,586 | | 125,586 | 125,586 | - |
| Purchased Professional Services | 200 | (80,000) | 200 | 39,285 | 6,301 |
| Supplies and Materials | 2,000 | | 2,000 | 1,173 | 827 |
| Other Objects | 1,200 | | 1,200 | 1,200 | - |
| Total Administration Information Technology | 128,986 | (80,000) | 48,986 | 40,458 | 8,528 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| EXPENDITURES: | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| CURRENT EXPENSE | | | | | |
| Required Maintenance of School Facilities: | | | | | |
| Cleaning, Repair and Maintenance Services | \$ 276,657 | \$ 49,000 | \$ 325,657 | \$ 237,213 | \$ 88,444 |
| Miscellaneous Purchased Services | | 5,000 | 5,000 | 3,466 | 1,534 |
| General Supplies | 130,069 | (54,000) | 76,069 | 36,442 | 39,627 |
| Other Objects | 800 | | 800 | 255 | 545 |
| Total Required Maintenance of School Facilities | 407,526 | | 407,526 | 277,376 | 130,150 |
| Custodial Services: | | | | | |
| Salaries | 20,400 | (16,141) | 4,259 | | 4,259 |
| Purchased Professional and Technical Services | 1,012,544 | | 1,012,544 | 900,079 | 112,465 |
| Cleaning, Repair and Maintenance Services | 15,000 | 10,000 | 25,000 | 22,704 | 2,296 |
| Other Purchased Property Services | 10,520 | 11,500 | 22,020 | 20,469 | 1,551 |
| Insurance | 109,000 | 2,584 | 111,584 | 111,584 | |
| Miscellaneous Purchased Services | 20,991 | (13,500) | 7,491 | | 7,491 |
| General Supplies | 50,698 | | 50,698 | 25,402 | 25,296 |
| Energy (Natural Gas) | | 93,000 | 93,000 | 68,406 | 24,594 |
| Energy (Electricity) | 380,000 | (100,000) | 280,000 | 166,524 | 113,476 |
| Energy (Gasoline) | | 7,000 | 7,000 | 3,409 | 3,591 |
| Total Custodial Services | 1,619,153 | (5,557) | 1,613,596 | 1,318,577 | 295,019 |
| Student Transportation Services: | | | | | |
| Other Purchased Professional and Technical Services | 4,750 | | 4,750 | 4,350 | 400 |
| Contracted Services: | | | | | |
| Between Home and School - Vendors | 461,433 | 5,000 | 466,433 | 351,932 | 114,501 |
| Other Than Between Home and School - Vendors | 2,500 | | 2,500 | 429 | 2,071 |
| Special Education Students - Joint Agreements | 470,168 | (5,000) | 465,168 | 341,953 | 123,215 |
| Aid in Lieu - Nonpublic Schools | 70,000 | | 70,000 | 44,818 | 25,182 |
| Miscellaneous Purchased Services - Transportation | 10,000 | | 10,000 | | 10,000 |
| Total Student Transportation Services | 1,018,851 | | 1,018,851 | 743,482 | 275,369 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE | | | | | |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | \$ 191,000 | \$ (542) | \$ 190,458 | \$ 178,671 | \$ 11,787 |
| T.P.A.F. Contributions - ERIP | | 8,698 | 8,698 | 8,698 | |
| Other Retirement Contributions - PERS | 166,762 | (19,000) | 147,762 | 142,100 | 5,662 |
| Other Retirement Contributions - Regular | | 21,844 | 21,844 | 21,844 | |
| Workmen's Compensation | 74,414 | (10,584) | 63,830 | 62,882 | 948 |
| Health Benefits | 2,402,143 | (315,518) | 2,086,625 | 2,037,132 | 49,493 |
| Tuition Reimbursement | 35,000 | | 35,000 | 16,336 | 18,664 |
| Other Employee Benefits | 100,000 | 28,847 | 128,847 | 61,894 | 66,953 |
| Unused Sick Payment to Terminated/Retired Staff | | 160,000 | 160,000 | 126,615 | 33,385 |
| Total Unallocated Benefits | <u>2,969,319</u> | <u>(126,255)</u> | <u>2,843,064</u> | <u>2,656,172</u> | <u>186,892</u> |
| On-Behalf Contributions: | | | | | |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 1,442,517 | (1,442,517) |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 25,855 | (25,855) |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) | | | | 544,739 | (544,739) |
| On-Behalf TPAF Long Term Disability Insurance (Non-Budgeted) | | | | 1,313 | (1,313) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 511,289 | (511,289) |
| Total On-Behalf Contributions | | | | <u>2,525,713</u> | <u>(2,525,713)</u> |
| Total Personal Services - Employee Benefits | <u>2,969,319</u> | <u>(126,255)</u> | <u>2,843,064</u> | <u>5,181,885</u> | <u>(2,338,821)</u> |
| Total Undistributed Expenses | <u>10,716,257</u> | <u>78,702</u> | <u>10,794,959</u> | <u>11,915,829</u> | <u>(1,127,870)</u> |
| TOTAL GENERAL CURRENT EXPENSE | <u>17,353,243</u> | | <u>17,353,243</u> | <u>18,072,880</u> | <u>(719,637)</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CAPITAL OUTLAY | | | | | |
| Facilities Acquisition and Construction Services: | | | | | |
| Architectural/Engineering Services | \$ 1,251,165 | \$ 20,000 | \$ 20,000 | \$ 10,700 | \$ 9,300 |
| Construction Services | 33,181 | (20,000) | 1,231,165 | 853,353 | 377,812 |
| Other Objects - Assessment for Debt Service on SDA Funding | | | 33,181 | 33,181 | |
| Total Facilities Acquisition and Construction Services | <u>1,284,346</u> | | <u>1,284,346</u> | <u>897,234</u> | <u>387,112</u> |
| TOTAL CAPITAL OUTLAY | <u>1,284,346</u> | | <u>1,284,346.00</u> | <u>897,234</u> | <u>387,112</u> |
| Transfer of Funds to Charter Schools | 133,525 | | 133,525 | 113,056 | 20,469 |
| TOTAL EXPENDITURES | <u>18,771,114</u> | | <u>18,771,114</u> | <u>19,083,170</u> | <u>(312,056)</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>(1,558,053)</u> | | <u>(1,558,053)</u> | <u>982,532</u> | <u>2,540,585</u> |
| Fund Balance, July 1 | 3,048,343 | | 3,048,343 | 3,048,343 | |
| Fund Balance, June 30 | <u>\$ 1,490,290</u> | <u>\$ -0-</u> | <u>\$ 1,490,290</u> | <u>\$ 4,030,875</u> | <u>\$ 2,540,585</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|---------------------|-----------------------------|
| Recapitulation: | | | | | |
| Restricted: | | | | | |
| Excess Surplus - 2020-2021 | \$ 260,000 | | | | |
| Capital Reserve | 1,836,264 | | | | |
| Maintenance Reserve | 664,457 | | | | |
| Emergency Reserve | 250,000 | | | | |
| Assigned: | | | | | |
| Year-End Encumbrances | 456,692 | | | | |
| Designated for Subsequent Year's Expenditures - July 1, 2020 - August 1, 2020 | 74,773 | | | | |
| Unassigned | 488,689 | | | | |
| | <u>4,030,875</u> | | | | |
| Reconciliation to Governmental Fund Statement (GAAP): | | | | | |
| June State Aid Payments not Recognized on GAAP Basis | | | | (70,661) | |
| Fund Balance per Governmental Funds (GAAP) | | | | <u>\$ 3,960,214</u> | |

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|---|
| REVENUES: | | | | | |
| Federal Sources | \$216,466 | \$ 84,023 | \$300,489 | \$290,845 | \$ (9,644) |
| State Sources | 25,735 | 2,379 | 28,114 | 16,784 | (11,330) |
| Local Sources | | 54,886 | 54,886 | 13,396 | (41,490) |
| Total Revenues | <u>242,201</u> | <u>141,288</u> | <u>383,489</u> | <u>321,025</u> | <u>(62,464)</u> |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 28,735 | (632) | 28,103 | 28,103 | |
| Tuition | 174,958 | 59,794 | 234,752 | 234,752 | |
| General Supplies | 13,042 | 69,682 | 82,724 | 26,632 | 56,092 |
| Textbooks | 3,546 | 460 | 4,006 | 4,006 | |
| Total Instruction | <u>220,281</u> | <u>129,304</u> | <u>349,585</u> | <u>293,493</u> | <u>56,092</u> |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | | 2,600 | 2,600 | 2,599 | 1 |
| Personal Services - Employee Benefits | 5,000 | (2,850) | 2,150 | 2,150 | |
| Purchased Professional - Educational Services | 16,920 | (9,548) | 7,372 | 7,372 | |
| Other Purchased Services | | 19,046 | 19,046 | 12,675 | 6,371 |
| Total Support Services | <u>21,920</u> | <u>9,248</u> | <u>31,168</u> | <u>24,796</u> | <u>6,372</u> |
| Facilities Acquisition and Construction Services: | | | | | |
| Instructional Equipment | | 2,736 | 2,736 | 2,736 | |
| Total Facilities Acquisition and Construction Services | | <u>2,736</u> | <u>2,736</u> | <u>2,736</u> | |
| Total Expenditures | <u>242,201</u> | <u>141,288</u> | <u>383,489</u> | <u>321,025</u> | <u>62,464</u> |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

| | General Fund | Special Revenue Fund |
|---|---------------|----------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 20,065,702 | \$ 321,025 |
| Difference - Budgetary to GAAP: | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Revenue and Expenditures, while the GAAP Basis does not. | | 28,514 |
| Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes | 66,245 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | (70,661) | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | \$ 20,061,286 | \$ 349,539 |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 19,083,170 | \$ 321,025 |
| Differences - Budgetary to GAAP: | | |
| Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes. | | 28,514 |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 19,083,170 | \$ 349,539 |

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Every Student Succeeds Act | | Nonpublic | Nonpublic | Nonpublic | |
|---|----------------------------|---------------------|-----------------|---|--------------|-----------------|
| | Title I | Title II, Part A | Title IV | Handicapped Exam and Classification | Security | Nursing |
| REVENUE: | | | | | | |
| Local Sources | | | | | | |
| State Sources | \$ 34,419 | \$ 12,675 | \$ 8,999 | \$ 2,599 | \$ 71 | \$ 7,372 |
| Federal Sources | | | | | | |
| Total Revenue | 34,419 | 12,675 | 8,999 | 2,599 | 71 | 7,372 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | 21,136 | | 6,967 | | | |
| Tuition | | | | | | |
| General Supplies | 11,666 | | 1,499 | | 71 | |
| Textbooks | | | | | | |
| Total Instruction | 32,802 | | 8,466 | | 71 | |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | | | | 2,599 | | |
| Personal Services - Employee Benefits | 1,617 | | 533 | | | 7,372 |
| Purchased Professional Educational Services | | 12,675 | | | | |
| Other Purchased Professional Services | | | | | | |
| Total Support Services | 1,617 | 12,675 | 533 | 2,599 | | 7,372 |
| Facilities Acquisition: | | | | | | |
| Instructional Equipment | | | | | | |
| Total Facilities Acquisition | | | | | | |
| Total Expenditures | \$ 34,419 | \$ 12,675 | \$ 8,999 | \$ 2,599 | \$ 71 | \$ 7,372 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | IDEA Part B | | Nonpublic Auxiliary | | Local Grants | Totals |
|---|-------------------|------------------|-------------------------|------------------------|------------------|-------------------|
| | Basic | Preschool | Nonpublic Technology | Nonpublic Textbooks | | |
| REVENUE: | | | | | | |
| Local Sources | | | | | \$ 13,396 | \$ 13,396 |
| State Sources | | | \$ 2,736 | \$ 4,006 | | 16,784 |
| Federal Sources | \$ 223,225 | \$ 11,527 | | | | 290,845 |
| Total Revenue | 223,225 | 11,527 | 2,736 | 4,006 | 13,396 | 321,025 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | | | | | | 28,103 |
| Tuition | 223,225 | 11,527 | | | | 234,752 |
| General Supplies | | | | | 13,396 | 26,632 |
| Textbooks | | | | 4,006 | | 4,006 |
| Total Instruction | 223,225 | 11,527 | | 4,006 | 13,396 | 293,493 |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | | | | | | 2,599 |
| Personal Services - Employee Benefits | | | | | | 2,150 |
| Purchased Professional Educational Services | | | | | | 7,372 |
| Other Purchased Professional Services | | | | | | 12,675 |
| Total Support Services | | | | | | 24,796 |
| Facilities Acquisition: | | | | | | |
| Instructional Equipment | | | 2,736 | | | 2,736 |
| Total Facilities Acquisition | | | 2,736 | | | 2,736 |
| Total Expenditures | \$ 223,225 | \$ 11,527 | \$ 2,736 | \$ 4,006 | \$ 13,396 | \$ 321,025 |

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

| | <u>Milk Service</u> |
|---------------------------|-------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 18,140 |
| Total Current Assets | <u>18,140</u> |
| Total Assets | <u>18,140</u> |
| NET POSITION: | |
| Unrestricted | <u>18,140</u> |
| Total Net Position | <u><u>\$ 18,140</u></u> |

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Milk Service</u> |
|--------------------------------------|---------------------|
| Operating Revenue: | |
| Charges for Services: | |
| Daily Sales - Reimbursable Program: | |
| Special Milk Program | \$ 9,921 |
| Total Operating Revenue | 9,921 |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Program | 9,733 |
| Salaries | 7,072 |
| Total Operating Expenses | 16,805 |
| Operating (Loss) | (6,884) |
| Non-Operating Revenue: | |
| Federal Sources: | |
| Special Milk Program | 3,323 |
| Local Sources: | |
| Interest Revenue | 172 |
| Total Non-Operating Revenue | 3,495 |
| Change in Net Position | (3,389) |
| Net Position - Beginning of Year | 21,529 |
| Net Positon - End of Year | \$ 18,140 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Milk Service |
|---|--------------|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 9,921 |
| Payments for Salaries | (7,072) |
| Payments to Suppliers | (9,733) |
| Net Cash (Used for) Operating Activities | (6,884) |
| Cash Flows from Investing Activities: | |
| Interest Revenue | 172 |
| Net Cash Provided by Investing Activities | 172 |
| Cash Flows from Noncapital Financing Activities: | |
| Federal Sources - Special Milk Program | 4,132 |
| Settlement of Prior Year Interfund - General Fund | 3,351 |
| Net Cash Provided by Noncapital Financing Activities | 7,483 |
| Net Increase in Cash and Cash Equivalents | 771 |
| Cash and Cash Equivalents, July 1 | 17,369 |
| Cash and Cash Equivalents, June 30 | \$ 18,140 |
| Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities: | |
| Operating (Loss) | \$ (6,884) |
| Net Cash (Used for) Operating Activities | \$ (6,884) |

FIDUCIARY FUNDS

LONG HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

| | Agency | | Total | Flexible Spending Trust | Unemployment Compensation Trust |
|--|---------------------|----------------|----------------|-------------------------------|---------------------------------------|
| | Student Activity | Payroll | | | |
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 43,913 | \$ 124,959 | \$ 168,872 | | \$ 104,302 |
| Interfund Receivable - General Fund | | 128,338 | 128,338 | | |
| Interfund Receivable - Payroll Agency | | | | \$ 5,200 | 80,436 |
| Total Assets | 43,913 | 253,297 | 297,210 | 5,200 | 184,738 |
| LIABILITIES: | | | | | |
| Interfund Payable - General Fund | | 39,323 | 39,323 | | |
| Interfund Payable - Unemployment Trust | | 80,436 | 80,436 | | |
| Interfund Payable - Flex Spending Trust | | 5,200 | 5,200 | | |
| Accrued Salaries and Wages | | 128,338 | 128,338 | | |
| Due to Student Groups | 43,913 | | 43,913 | | |
| Total Liabilities | 43,913 | 253,297 | 297,210 | | |
| NET POSITION: | | | | | |
| Held in Trust for Unemployment Claims | | | | 5,200 | 184,738 |
| Held in Trust for Flexible Spending Claims | | | | | |
| Total Net Position | \$ -0- | \$ -0- | \$ -0- | \$ 5,200 | \$ 184,738 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | <u>Flexible Spending</u> | <u>Unemployment Compensation</u> | <u>Totals</u> |
|--------------------------------------|------------------------------|--------------------------------------|-------------------|
| ADDITIONS: | | | |
| Contributions: | | | |
| Plan Member | \$ 25,339 | \$ 29,822 | \$ 55,161 |
| Total Contributions | <u>25,339</u> | <u>29,822</u> | <u>55,161</u> |
| Total Additions | <u>25,339</u> | <u>29,822</u> | <u>55,161</u> |
| DEDUCTIONS: | | | |
| Unemployment Benefit Claims | | 18,795 | 18,795 |
| Flexible Spending Claims | <u>25,339</u> | | <u>25,339</u> |
| Total Deductions | <u>25,339</u> | <u>18,795</u> | <u>44,134</u> |
| Change in Net Position | | 11,027 | 11,027 |
| Net Position - Beginning of the Year | <u>\$ 5,200</u> | <u>173,711</u> | <u>178,911</u> |
| Net Position - End of the Year | <u>\$ 5,200</u> | <u>\$ 184,738</u> | <u>\$ 189,938</u> |

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

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 61,690 | \$ 134,794 | \$ 152,571 | \$ 43,913 |
| Total Assets | <u>\$ 61,690</u> | <u>\$ 134,794</u> | <u>\$ 152,571</u> | <u>\$ 43,913</u> |
| LIABILITIES: | | | | |
| Due to Student Groups | \$ 61,690 | \$ 134,794 | 152,571 | \$ 43,913 |
| Total Liabilities | <u>\$ 61,690</u> | <u>\$ 134,794</u> | <u>\$ 152,571</u> | <u>\$ 43,913</u> |

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

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---------------------|---------------------------------------|--------------------------------|-------------------------------------|--|
| Elementary Schools: | | | | |
| Gillette | \$ 3,114 | \$ 4,088 | \$ 3,868 | \$ 3,334 |
| Millington | 4,936 | 6,740 | 7,911 | 3,765 |
| Middle School: | | | | |
| Central | 53,640 | 62,198 | 87,398 | 28,440 |
| Athletics | | 61,768 | 53,394 | 8,374 |
| Total All Schools | <u>\$ 61,690</u> | <u>\$ 134,794</u> | <u>\$ 152,571</u> | <u>\$ 43,913</u> |

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

| | <u>Balance</u> <u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2020</u> |
|---|---------------------------------------|----------------------------|----------------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 139,778 | \$12,767,969 | \$12,782,788 | \$ 124,959 |
| Interfund Receivable - General Fund | | 128,338 | | 128,338 |
| Total Assets | <u>\$ 139,778</u> | <u>\$12,896,307</u> | <u>\$12,782,788</u> | <u>\$ 253,297</u> |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | \$ 35,877 | \$ 6,140,967 | \$ 6,048,506 | \$ 128,338 |
| Interfund Payable - General Fund | 5,950 | 39,323 | 5,950 | 39,323 |
| Interfund Payable - Flex Spending Trust | | 5,200 | | 5,200 |
| Interfund Payable - Unemployment Trust | 80,436 | | | 80,436 |
| Net Payroll | 17,515 | 6,710,817 | 6,728,332 | |
| Total Liabilities | <u>\$ 139,778</u> | <u>\$12,896,307</u> | <u>\$12,782,788</u> | <u>\$ 253,297</u> |

LONG-TERM DEBT

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

| Purpose | Date of Issue | Original Issue | Maturities of Bonds | | | | Retired or Matured | Balance June 30, 2020 |
|--------------------------------|---------------|----------------|---------------------|----------------------------------|---------------|----------------------|---------------------|-----------------------|
| | | | Date | Outstanding June 30, 2020 Amount | Interest Rate | Balance July 1, 2019 | | |
| School Refunding Bonds of 2012 | 03/16/12 | \$ 9,880,000 | 01/15/21 | \$ 645,000 | 4.00% | \$ 7,455,000 | \$ 6,835,000 | |
| | | | 01/15/22 | 675,000 | 4.00% | | | |
| | | | 01/15/23 | 700,000 | 4.00% | | | |
| | | | 01/15/24 | 725,000 | 4.00% | | | |
| | | | 01/15/25 | 755,000 | 4.00% | | | |
| | | | 01/15/26 | 790,000 | 4.00% | | | |
| | | | 01/15/27 | 815,000 | 4.00% | | | |
| | | | 01/15/28 | 850,000 | 4.00% | | | |
| | | | 01/15/29 | 880,000 | 4.00% | | | |
| School Bonds of 2014 | 07/18/14 | 1,464,000 | 01/15/21 | 170,000 | 2.00% | 874,000 | 709,000 | |
| | | | 01/15/22 | 175,000 | 2.25% | | | |
| | | | 01/15/23 | 180,000 | 2.50% | | | |
| | | | 01/15/24 | 184,000 | 2.50% | | | |
| | | | | | | <u>\$ 8,329,000</u> | <u>\$ 7,544,000</u> | |

LONG HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 1,102,938 | | \$ 1,102,938 | \$ 1,102,938 | |
| Total Revenues | 1,102,938 | | 1,102,938 | 1,102,938 | |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 317,938 | | 317,938 | 317,938 | |
| Redemption of Principal | 785,000 | | 785,000 | 785,000 | |
| Total Regular Debt Service | 1,102,938 | | 1,102,938 | 1,102,938 | |
| Total Expenditures | 1,102,938 | | 1,102,938 | 1,102,938 | |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | -0- | \$ -0- | -0- | -0- | -0- |
| Fund Balance, July 1 | 2 | -0- | 2 | 2 | -0- |
| Fund Balance, June 30 | \$ 2 | \$ -0- | \$ 2 | \$ 2 | \$ -0- |
| Recapitulation: | | | | | |
| Restricted for Subsequent Year's Expenditures | | | | \$ 2 | 2 |

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

| | June 30, | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,077,110 | \$ 20,049,872 | \$ 20,881,684 | \$ 22,285,634 | \$ 21,681,875 | \$ 23,496,715 | \$ 23,902,254 | \$ 14,955,113 | \$ 14,955,113 | \$ 15,250,351 |
| Restricted | 909,154 | 1,351,525 | 1,515,827 | 1,514,987 | 3,795,434 | 2,199,654 | 2,294,952 | 2,594,952 | 2,493,408 | 3,010,723 |
| Unrestricted/(Deficit) | 124,544 | 222,266 | 210,364 | (1,349,281) | (2,276,858) | (2,023,635) | (3,117,357) | (3,198,309) | (3,759,279) | (3,348,737) |
| Total Governmental Activities Net Position | \$ 21,110,808 | \$ 21,623,663 | \$ 22,607,875 | \$ 22,451,340 | \$ 23,200,451 | \$ 23,672,734 | \$ 23,079,849 | \$ 14,351,756 | \$ 13,693,386 | \$ 14,912,337 |
| Business-Type Activities | | | | | | | | | | |
| Unrestricted | \$ 11,045 | \$ 21,499 | \$ 23,641 | \$ 33,336 | \$ 40,622 | \$ 38,063 | \$ 11,965 | \$ 17,544 | \$ 21,529 | \$ 18,140 |
| Total Business-Type Activities Net Position | \$ 11,045 | \$ 21,499 | \$ 23,641 | \$ 33,336 | \$ 40,622 | \$ 38,063 | \$ 11,965 | \$ 17,544 | \$ 21,529 | \$ 18,140 |
| District-Wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,077,110 | \$ 20,049,872 | \$ 20,881,684 | \$ 22,285,634 | \$ 21,681,875 | \$ 23,496,715 | \$ 23,902,254 | \$ 14,955,113 | \$ 14,955,113 | \$ 15,250,351 |
| Restricted | 909,154 | 1,351,525 | 1,515,827 | 1,514,987 | 3,795,434 | 2,199,654 | 2,294,952 | 2,594,952 | 2,594,952 | 3,010,723 |
| Unrestricted/(Deficit) | 135,589 | 243,765 | 234,005 | (1,315,945) | (2,236,236) | (1,985,572) | (3,105,392) | (3,180,765) | (3,180,765) | (3,330,597) |
| Total District Net Position | \$ 21,121,853 | \$ 21,645,162 | \$ 22,631,516 | \$ 22,484,676 | \$ 23,241,073 | \$ 23,710,797 | \$ 23,091,814 | \$ 14,369,300 | \$ 14,369,300 | \$ 14,930,477 |

Source: School District Financial Reports

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 5,852,056 | \$ 6,141,698 | \$ 6,294,323 | \$ 6,033,482 | \$ 7,648,481 | \$ 7,499,034 | \$ 8,606,961 | \$ 9,344,474 | \$ 9,267,572 | \$ 8,894,214 |
| Special Education | 2,481,953 | 2,563,200 | 2,621,952 | 2,566,332 | 2,875,287 | 3,567,004 | 3,771,860 | 3,619,367 | 2,752,521 | 2,500,320 |
| Other Special Instruction | | | | | | | | | 525,691 | 529,268 |
| Other Instruction | 25,502 | 19,579 | 14,067 | 47,017 | | 38,359 | 49,075 | 111,411 | 105,750 | 15,845 |
| Support Services: | | | | | | | | | | |
| Tuition | 645,210 | 662,714 | 517,792 | 373,716 | 451,199 | 603,911 | 549,914 | 475,166 | 230,733 | 331,057 |
| Student & Instruction Related Services | 2,561,944 | 2,930,424 | 3,097,528 | 3,167,895 | 3,422,924 | 3,266,554 | 4,786,166 | 5,162,316 | 3,638,625 | 3,723,333 |
| General Administrative Services | 863,363 | 1,086,748 | 833,858 | 899,858 | 916,395 | 1,302,615 | 1,287,909 | 1,282,001 | 541,273 | 520,306 |
| School Administrative Services | 767,969 | 836,833 | 776,974 | 841,903 | 865,078 | 1,217,675 | 1,399,585 | 1,317,464 | 979,863 | 986,664 |
| Central Services | | | | | | | | | 409,843 | 536,932 |
| Administrative Information Technology | | | | | | | | | 215,064 | 58,552 |
| Plant Operations And Maintenance | 1,352,905 | 1,440,633 | 1,439,681 | 1,472,539 | 1,513,949 | 1,530,921 | 1,745,474 | 1,738,866 | 2,079,997 | 1,778,048 |
| Pupil Transportation | 943,042 | 906,443 | 880,259 | 725,505 | 776,862 | 808,295 | 881,120 | 967,197 | 1,114,226 | 718,168 |
| Capital Outlay | | | | | | | | | 33,181 | |
| Transfer to Charter School | | | 38,307 | 55,637 | 58,986 | 27,683 | 71,967 | 113,378 | 124,809 | 113,056 |
| Interest On Long-Term Debt | 637,769 | 502,399 | 477,568 | 451,154 | 443,059 | 422,579 | 403,199 | 382,997 | 326,243 | 331,814 |
| Total Governmental Activities Expenses | 16,131,713 | 17,090,671 | 17,012,309 | 16,635,038 | 18,972,220 | 20,284,630 | 23,553,230 | 24,514,637 | 22,345,391 | 21,037,577 |
| Business-Type Activities | | | | | | | | | | |
| Milk Service Fund | 51,609 | 18,229 | 21,968 | 14,103 | 15,239 | 22,443 | 41,983 | 10,785 | 8,131 | 16,805 |
| Total Business Type Activities | 51,609 | 18,229 | 21,968 | 14,103 | 15,239 | 22,443 | 41,983 | 10,785 | 8,131 | 16,805 |
| Total District Expenses | \$ 16,183,322 | \$ 17,108,900 | \$ 17,034,277 | \$ 16,649,141 | \$ 18,987,459 | \$ 20,307,073 | \$ 23,595,213 | \$ 24,525,422 | \$ 22,353,522 | \$ 21,054,382 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Operating Grants and Contributions | \$ 340,272 | \$ 283,327 | \$ 284,780 | \$ 177,193 | \$ 167,115 | \$ 106,595 | \$ 107,630 | \$ 200,200 | \$ 197,611 | \$ 108,734 |
| Capital Grants and Contributions | 491,581 | 341,490 | 344,643 | 318,106 | 298,591 | 298,315 | 241,757 | 268,502 | 5,074,129 | 4,722,664 |
| Total Governmental Activities Program Revenues | 831,853 | 624,817 | 629,423 | 1,805,111 | 465,706 | 404,910 | 349,387 | 468,702 | 5,271,740 | 4,831,398 |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Milk Service | 21,751 | 18,563 | 15,899 | 15,520 | 13,829 | 12,293 | 9,999 | 9,845 | 7,780 | 9,921 |
| Operating Grants and Contributions | 9,514 | 10,112 | 8,204 | 8,266 | 8,685 | 7,580 | 5,879 | 6,497 | 4,160 | 3,323 |
| Total Business Type Activities Program Revenues | 31,265 | 28,675 | 24,103 | 23,786 | 22,514 | 19,873 | 15,878 | 16,342 | 11,940 | 13,244 |
| Total District Program Revenues | \$ 863,118 | \$ 653,492 | \$ 653,526 | \$ 1,828,897 | \$ 488,220 | \$ 424,783 | \$ 365,265 | \$ 485,044 | \$ 5,283,680 | \$ 4,844,642 |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (15,299,860) | \$ (16,465,854) | \$ (16,382,886) | \$ (14,829,927) | \$ (18,506,514) | \$ (19,879,720) | \$ (23,203,843) | \$ (24,045,935) | \$ (17,073,651) | \$ (16,206,179) |
| Business-Type Activities | (20,344) | 10,446 | 2,135 | 9,683 | 7,275 | (2,570) | (26,105) | 5,557 | 3,809 | (3,561) |
| Total District-Wide Net Expense | \$ (15,320,204) | \$ (16,455,408) | \$ (16,380,751) | \$ (14,820,244) | \$ (18,499,239) | \$ (19,882,290) | \$ (23,229,948) | \$ (24,040,378) | \$ (17,069,842) | \$ (16,209,740) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | 13,607,499 | 13,873,821 | 13,841,574 | 14,105,638 | 14,206,695 | 14,363,661 | 14,649,675 | 14,942,669 | 15,241,522 | 16,124,600 |
| Taxes Levied for Debt Service | 1,445,963 | 1,179,668 | 1,244,143 | 1,211,892 | 921,150 | 1,090,819 | 1,099,590 | 1,100,638 | 1,105,138 | 1,102,938 |
| Unrestricted Grants & Contributions | 1,411,610 | 1,802,687 | 2,204,491 | 2,013,937 | 4,079,433 | 4,820,457 | 6,745,684 | 7,958,315 | 2,606 | |
| Investment Earnings | 3,322 | 3,539 | 2,864 | 2,197 | 2,227 | 2,025 | | 6,644 | | |
| Contribution- Equipment Acquisition | 3,365 | | | | | | | | | |
| Gain On Sale of Capital Assets | | 3,648 | | 300 | | | | | | |
| Insurance Claim Proceeds from Storm Damage | | | 24,376 | 85,328 | | | | | | |
| Transfers | | | | (50,000) | | | | | | |
| Miscellaneous Income | 70,542 | 115,346 | 49,650 | 64,432 | 46,120 | 75,041 | 116,009 | 174,898 | 66,015 | 197,592 |
| Total Governmental Activities | 16,542,301 | 16,978,709 | 17,367,098 | 17,433,724 | 19,255,625 | 20,352,003 | 22,610,958 | 24,183,164 | 16,415,281 | 17,425,130 |
| Business-Type Activities: | | | | | | | | | | |
| Interest and Miscellaneous Income | 38 | 8 | 7 | 12 | 11 | 11 | 7 | 22 | 176 | 172 |
| Total Business-Type Activities | 38 | 8 | 7 | 12 | 11 | 11 | 7 | 22 | 176 | 172 |
| Total District-Wide | \$ 16,542,339 | \$ 16,978,717 | \$ 17,367,105 | \$ 17,433,736 | \$ 19,255,636 | \$ 20,352,014 | \$ 22,610,965 | \$ 24,183,186 | \$ 16,415,457 | \$ 17,425,302 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | 1,242,441 | 512,855 | 984,212 | 2,603,797 | 749,111 | 472,283 | (592,885) | 137,229 | (658,370) | 1,218,951 |
| Business-Type Activities | (20,306) | 10,454 | 2,142 | 9,695 | 7,286 | (2,559) | (26,098) | 5,579 | 3,985 | (3,389) |
| Total District | \$ 1,222,135 | \$ 523,309 | \$ 986,354 | \$ 2,613,492 | \$ 756,397 | \$ 469,724 | \$ (618,983) | \$ 142,808 | \$ (654,385) | \$ 1,215,562 |

Source: School District Financial Reports

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

| | June 30, | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Fund: | | | | | | | | | | |
| Restricted | \$ 1,009,154 | \$ 1,685,320 | \$ 2,061,504 | \$ 2,001,935 | \$ 2,384,266 | \$ 2,398,577 | \$ 2,560,694 | \$ 2,853,549 | \$ 2,493,406 | \$ 3,010,721 |
| Committed | 184,219 | 191,599 | 72,892 | 116,301 | 209,792 | 429,087 | 145,377 | 97,506 | | |
| Assigned | 115,165 | 137,703 | | | | | | | 73,899 | 531,465 |
| Unassigned | 417,246 | 400,328 | 414,508 | 410,155 | 391,407 | 351,443 | 491,039 | 470,182 | 414,793 | 418,028 |
| Total General Fund | \$ 1,725,784 | \$ 2,414,950 | \$ 2,548,904 | \$ 2,528,391 | \$ 2,985,465 | \$ 3,179,107 | \$ 3,197,110 | \$ 3,421,237 | \$ 2,982,098 | \$ 3,960,214 |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted, Reported In: | | | | | | | | | | |
| Capital Projects Fund | | | \$ 166,192 | \$ 166,192 | \$ 1,976,741 | \$ 355,643 | \$ 301,939 | \$ 301,939 | | |
| Assigned, Reported In: | | | | | | | | | | |
| Debt Service Fund | | \$ 2,206 | \$ 48,008 | | 998 | 998 | | | \$ 2 | \$ 2 |
| Total All Other Governmental Funds | \$ -0- | \$ 2,206 | \$ 48,008 | \$ 166,192 | \$ 1,977,739 | \$ 356,641 | \$ 301,939 | \$ 301,939 | \$ 2 | \$ 2 |
| Total Governmental Funds: | | | | | | | | | | |
| Restricted | \$ 1,009,154 | \$ 1,685,320 | \$ 2,061,504 | \$ 2,168,127 | \$ 4,361,007 | \$ 2,754,220 | \$ 2,862,633 | \$ 3,155,488 | \$ 2,493,406 | \$ 3,010,721 |
| Committed | 184,219 | 191,599 | 72,892 | 116,301 | 209,792 | 429,087 | 145,377 | 97,506 | | |
| Assigned | 115,165 | 139,909 | 48,008 | | 998 | 998 | | | 73,901 | 531,467 |
| Unassigned | 417,246 | 400,328 | 414,508 | 410,155 | 391,407 | 351,443 | 491,039 | 470,182 | 414,793 | 418,028 |
| Total Governmental Funds | \$ 1,725,784 | \$ 2,417,156 | \$ 2,596,912 | \$ 2,694,583 | \$ 4,963,204 | \$ 3,535,748 | \$ 3,499,049 | \$ 3,723,176 | \$ 2,982,100 | \$ 3,960,216 |

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 15,053,462 | \$ 15,053,489 | \$ 15,085,717 | \$ 15,317,530 | \$ 15,127,845 | \$ 15,454,480 | \$ 15,749,265 | \$ 16,043,307 | \$ 16,346,660 | \$ 17,227,538 |
| Tuition | 246,890 | 202,359 | 205,543 | 51,596 | 88,884 | 40,601 | 42,750 | 130,550 | 165,475 | 81,814 |
| Transportation Fees from Individuals | | | | | | | | | 19,230 | 42,813 |
| Rents and Royalties | 3,322 | 3,539 | 2,864 | 2,197 | 2,227 | 2,025 | 1,840 | 6,644 | 32,136 | 26,920 |
| Interest Earnings | 170,289 | 206,474 | 132,733 | 151,401 | 124,351 | 141,038 | 179,049 | 244,548 | 500 | 150 |
| Miscellaneous | 1,487,561 | 1,848,135 | 2,275,509 | 3,383,402 | 2,203,144 | 2,450,018 | 2,766,072 | 2,974,843 | 105,399 | 237,886 |
| State Sources | 412,630 | 296,042 | 269,779 | 244,615 | 249,041 | 249,383 | 240,192 | 267,188 | 3,215,885 | 3,604,331 |
| Federal Sources | | | | | | | | | 258,790 | 292,311 |
| Total Revenue | 17,374,154 | 17,610,038 | 17,972,145 | 19,150,741 | 17,795,492 | 18,337,545 | 18,979,168 | 19,667,080 | 20,144,075 | 21,513,763 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 4,347,113 | 4,389,470 | 4,324,883 | 4,206,186 | 4,473,077 | 4,619,096 | 4,480,458 | 4,643,462 | 5,036,949 | 4,815,326 |
| Special Education Instruction | 1,613,971 | 1,523,796 | 1,536,818 | 1,470,375 | 1,519,534 | 1,389,625 | 1,456,020 | 1,521,761 | 1,409,001 | 1,419,329 |
| Other Special Instruction | 146,722 | 203,969 | 208,972 | 211,538 | 212,585 | 244,369 | 269,665 | 234,671 | 246,212 | 256,596 |
| Other Instruction | 23,879 | 18,382 | 13,213 | 47,017 | | 38,359 | 29,209 | 63,391 | 67,069 | 12,603 |
| Support Services: | | | | | | | | | | |
| Tuition | 326,658 | 449,861 | 296,756 | 179,561 | 244,357 | 391,202 | 350,099 | 270,364 | 230,733 | 331,057 |
| Student & Instruction Related Services | 1,743,821 | 1,962,768 | 2,098,959 | 2,137,306 | 2,177,813 | 2,138,681 | 2,178,400 | 2,402,988 | 2,664,402 | 2,693,051 |
| General Administrative Services | 305,728 | 286,071 | 261,847 | 268,558 | 289,326 | 357,429 | 357,324 | 347,819 | 411,430 | 394,571 |
| School Administrative Services | 548,036 | 588,744 | 548,876 | 558,934 | 559,572 | 559,914 | 578,403 | 569,198 | 560,654 | 571,358 |
| Central Services | 245,817 | 275,714 | 258,082 | 271,710 | 264,361 | 274,180 | 275,740 | 252,638 | 275,843 | 364,014 |
| Administrative Information Technology | 93,064 | 94,537 | 92,597 | 94,449 | 97,338 | 100,258 | 103,780 | 90,849 | 143,705 | 40,458 |
| Plant Operations And Maintenance | 1,342,867 | 1,429,414 | 1,426,991 | 1,453,580 | 1,499,746 | 1,500,569 | 1,690,661 | 1,684,276 | 1,873,268 | 1,595,953 |
| Pupil Transportation | 943,042 | 906,443 | 880,259 | 725,505 | 776,862 | 808,295 | 881,120 | 967,197 | 944,837 | 743,482 |
| Allocated and Unallocated Benefits | 2,727,955 | 3,135,623 | 3,610,786 | 3,483,803 | 3,637,692 | 4,039,361 | 4,440,761 | 4,819,209 | 5,162,958 | 5,181,885 |
| Transfer to Charter Schools | | | 38,307 | 55,637 | 58,986 | 27,683 | 71,967 | 113,378 | 124,809 | 113,056 |
| Capital Outlay | 108,856 | 8,539 | 613,553 | 670,182 | 273,247 | 134,505 | 423,030 | 59,431 | 628,145 | 899,970 |
| Capital Projects | | | | 556,346 | 740,725 | 1,719,160 | 53,704 | | | |
| Special Revenue Fund | 491,581 | 341,490 | 344,643 | 318,106 | 298,591 | 298,315 | 241,757 | 268,502 | | |
| Debt Service: | | | | | | | | | | |
| Principal | 843,000 | 610,000 | 790,000 | 825,000 | 525,000 | 670,000 | 715,000 | 735,000 | 760,000 | 785,000 |
| Interest And Other Charges | 642,666 | 593,845 | 441,522 | 468,081 | 429,331 | 454,000 | 418,769 | 398,819 | 345,136 | 317,938 |
| Total Expenditures | 16,494,776 | 16,818,666 | 17,787,064 | 18,001,874 | 18,078,143 | 19,765,001 | 19,015,867 | 19,442,953 | 20,885,151 | 20,535,647 |

LONG HILL TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------|------------|--------------|--------------|----------------|-------------|------------|--------------|------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Excess/(Deficiency) Of Revenues | \$ 879,378 | \$ 791,372 | \$ 185,081 | \$ 1,148,867 | \$ (282,651) | \$ (1,427,456) | \$ (36,699) | \$ 224,127 | \$ (741,076) | \$ 978,116 |
| Over/(Under) Expenditures | | | | | | | | | | |
| Other Financing Sources/(Uses): | | | | 750 | | | | | | |
| Capital Leases (Non-Budgeted) | 180,900 | | | | 1,464,000 | | | | | |
| Capital Lease Purchase Agreement Proceeds | | | 24,376 | 85,328 | | | | | | |
| Transfers In | (62,071) | (100,000) | 29,701 | (50,000) | | | | | | |
| Transfers Out | | | | | | | | | | |
| Total Other Financing Sources/(Uses) | 118,829 | (100,000) | 54,077 | 36,078 | 1,464,000 | | | | | |
| Net Change In Fund Balances | \$ 998,207 | \$ 691,372 | \$ 239,158 | \$ 1,184,945 | \$ 1,181,349 | \$ (1,427,456) | \$ (36,699) | \$ 224,127 | \$ (741,076) | \$ 978,116 |
| Debt Service As A Percentage | 9.07% | 7.16% | 7.17% | 7.46% | 5.36% | 5.73% | 6.10% | 5.85% | 5.46% | 5.62% |
| Of Noncapital Expenditures | | | | | | | | | | |

LONG HILL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

| Fiscal Year Ending June 30, | Interest on Investments | Tuition | Rentals - Use of Facilities | Transportation Fees | Prior Year Refund | Other | | Total |
|--------------------------------|----------------------------|------------|--------------------------------|------------------------|----------------------|---------------|------------|-------|
| | | | | | | Miscellaneous | Total | |
| 2011 | \$ 3,322 | \$ 246,890 | \$ 25,600 | \$ 67,782 | \$ 40,616 | \$ 33,291 | \$ 417,501 | |
| 2012 | 3,539 | 202,359 | 26,706 | 54,262 | 35,370 | 87,930 | 410,166 | |
| 2013 | 2,864 | 205,543 | 26,400 | 52,837 | 44,670 | 4,980 | 337,294 | |
| 2014 | 2,197 | 51,596 | 26,075 | 53,483 | 43,103 | 14,902 | 191,356 | |
| 2015 | 2,227 | 88,884 | 24,045 | 48,186 | 43,693 | 7,427 | 214,462 | |
| 2016 | 2,025 | 39,851 | 24,275 | 41,719 | 74,674 | 1,117 | 183,661 | |
| 2017 | 1,840 | 42,750 | 27,600 | 37,280 | 113,607 | 562 | 223,639 | |
| 2018 | 6,644 | 130,550 | 25,700 | 43,950 | 134,365 | 40,533 | 381,742 | |
| 2019 | 500 | 165,475 | 32,136 | 19,230 | 9,105 | 56,410 | 282,856 | |
| 2020 | 35,130 | 81,814 | 26,920 | 42,813 | 106,265 | 56,197 | 349,139 | |

Source: Long Hill Township School District records

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

| Year Ended December 31, | Vacant Land | | Residential | | Farm | | Commercial | | Industrial | | Apartment | | Total Assessed Value | | Tax-Exempt Property | | Public Utilities ^a | | Net Valuation Taxable | | Total Direct School Tax Rate ^b | | Estimated Actual (County Equalized Value) | |
|----------------------------|---------------|------------------|--------------|-----------|----------------|---------------|--------------|------------------|----------------|--------------|------------------|---------|----------------------|--|---------------------|--|-------------------------------|--|-----------------------|--|---|--|---|--|
| | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010 | \$ 20,585,700 | \$ 1,137,120,400 | \$ 2,795,500 | \$ 40,700 | \$ 103,892,800 | \$ 16,541,200 | \$ 6,668,200 | \$ 1,288,312,700 | \$ 148,028,900 | \$ 4,454,525 | \$ 1,292,767,225 | \$ 1.15 | \$ 1,786,661,445 | | | | | | | | | | | |
| 2011 | 19,059,600 | 1,139,562,700 | 2,245,100 | 39,700 | 104,055,800 | 16,541,200 | 6,268,200 | 1,287,772,300 | 124,822,000 | 4,509,141 | 1,292,281,441 | 1.18 | 1,788,624,832 | | | | | | | | | | | |
| 2012 | 17,735,400 | 1,127,011,200 | 3,103,600 | 45,700 | 103,707,100 | 16,541,200 | 6,268,200 | 1,274,412,400 | 124,960,500 | 4,714,115 | 1,279,126,515 | 1.18 | 1,691,966,290 | | | | | | | | | | | |
| 2013 | 16,751,400 | 1,115,697,400 | 4,113,800 | 47,600 | 102,227,500 | 16,445,900 | 6,268,200 | 1,261,551,800 | 125,135,200 | 3,796,526 | 1,265,348,326 | 1.25 | 1,618,882,929 | | | | | | | | | | | |
| 2014 | 16,714,900 | 1,111,286,000 | 3,734,200 | 47,400 | 102,470,400 | 16,304,600 | 6,268,200 | 1,256,825,700 | 125,159,400 | 3,141,460 | 1,259,967,160 | 1.16 | 1,601,178,244 | | | | | | | | | | | |
| 2015 | 12,534,800 | 1,109,792,400 | 4,113,800 | 48,300 | 105,033,300 | 16,175,000 | 6,268,200 | 1,253,965,800 | 129,201,400 | 3,141,460 | 1,257,107,260 | 1.22 | 1,661,302,048 | | | | | | | | | | | |
| 2016 | * 13,971,900 | 1,433,093,900 | 4,611,700 | 67,800 | 132,529,400 | 18,072,600 | 8,606,400 | 1,610,953,700 | 114,483,400 | 4,068,200 | 1,615,021,900 | 0.97 | 1,777,875,275 | | | | | | | | | | | |
| 2017 | 14,201,100 | 1,446,332,700 | 4,649,300 | 72,600 | 135,721,400 | 18,666,200 | 9,181,900 | 1,656,673,300 | 115,890,900 | 4,065,433 | 1,660,738,733 | 0.98 | 1,741,293,675 | | | | | | | | | | | |
| 2018 | 14,602,700 | 1,454,297,100 | 4,363,200 | 71,100 | 136,627,900 | 19,112,100 | 9,429,200 | 1,638,503,300 | 115,313,300 | 4,130,534 | 1,642,633,834 | 0.91 | 1,747,816,148 | | | | | | | | | | | |
| 2019 | 15,056,700 | 1,464,477,700 | 4,423,600 | 66,300 | 139,496,700 | 19,255,200 | 9,591,100 | 1,652,367,300 | 116,927,100 | 4,078,046 | 1,656,445,346 | 1.01 | 1,755,380,885 | | | | | | | | | | | |

* A revaluation occurred in this year.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

Source: Municipal Tax Assessor

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

| Year Ended December 31, | Long Hill Township School District | | | | | | | Total Direct and Overlapping Tax Rate |
|----------------------------|------------------------------------|---|-----------------|--------------------|-----------------------------|------------------|---------|--|
| | Direct Rate | | | Overlapping Rates | | | | |
| | Basic Rate ^a | Obligation Debt Service ^b | Total Direct | Regional School | Township of Long Hill | Morris County | | |
| 2010 | \$ 1.04 | \$ 0.11 | \$ 1.15 | 0.52 | \$ 0.73 | \$ 0.33 | \$ 2.73 | |
| 2011 | 1.09 | 0.09 | 1.18 | 0.56 | 0.75 | 0.33 | 2.82 | |
| 2012 | 1.09 | 0.09 | 1.18 | 0.59 | 0.76 | 0.33 | 2.86 | |
| 2013 | 1.15 | 0.10 | 1.25 | 0.59 | 0.79 | 0.32 | 2.95 | |
| 2014 | 1.09 | 0.07 | 1.16 | 0.59 | 0.79 | 0.33 | 2.87 | |
| 2015 | 1.13 | 0.09 | 1.22 | 0.58 | 0.81 | 0.33 | 2.94 | |
| 2016 | * 0.90 | 0.07 | 0.97 | 0.45 | 0.64 | 0.28 | 2.34 | |
| 2017 | 0.91 | 0.07 | 0.98 | 0.47 | 0.64 | 0.28 | 2.37 | |
| 2018 | 0.85 | 0.04 | 0.91 | 0.44 | 0.60 | 0.26 | 2.21 | |
| 2019 | 0.95 | 0.06 | 1.01 | 0.46 | 0.64 | 0.28 | 2.39 | |

* A revaluation occurred in this year.

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

Source: Municipal Tax Collector and School Business Administrator

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

| | 2019 | | 2011 | |
|-------------------------------------|------------------------|--|--|------------------------|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxpayer | Taxable Assessed Value |
| Valley & Plainfield Associates LP | \$ 26,704,600 | 1.61 % | Valley & Plainfield Associates LP | \$ 21,204,400 |
| Stirling Center Associates | 15,093,800 | 0.91 % | Stirling Center Associates | 9,907,400 |
| Stirling Manor | 5,983,200 | 0.36 % | Verizon | 4,509,414 |
| Prism Millington LLC | 4,238,600 | 0.26 % | Stirling Manor | 3,600,000 |
| Transcontinental Gas Pipeline Corp. | 4,170,000 | 0.26 % | Transcontinental Gas Pipeline Corp. | 3,400,000 |
| Verizon | 4,134,578 | 0.25 % | TIFA Realty Inc. | 3,030,500 |
| M&M Realty Management LLC | 3,429,900 | 0.25 % | Millington Savings Bank | 2,215,500 |
| Parthenon C/O Walgreens | 3,380,500 | 0.21 % | Jirrydan Inc. | 2,197,400 |
| Millington Savings Bank | 3,049,000 | 0.21 % | RHK Partnership A.K. Stamping Co. Inc. | 2,147,900 |
| Jirrydan Inc. | 2,685,500 | 0.20 % | Thermoplastic Processes/Ventures | 2,068,600 |
| Total | \$ 72,869,678 | 4.52% | Total | \$ 54,281,114 |
| | | | | 4.20% |

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

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

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy ^a | | Collections in Subsequent Years |
|-------------------------------|--|--|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2011 | \$ 15,053,462 | \$ 15,053,462 | 100.00% | -0- |
| 2012 | 15,053,489 | 15,053,489 | 100.00% | -0- |
| 2013 | 15,085,717 | 15,085,717 | 100.00% | -0- |
| 2014 | 15,317,530 | 15,317,530 | 100.00% | -0- |
| 2015 | 15,127,845 | 15,127,845 | 100.00% | -0- |
| 2016 | 15,454,480 | 15,454,480 | 100.00% | -0- |
| 2017 | 15,749,265 | 15,749,265 | 100.00% | -0- |
| 2018 | 16,043,307 | 16,043,307 | 100.00% | -0- |
| 2019 | 16,346,660 | 16,346,660 | 100.00% | -0- |
| 2020 | 17,227,538 | 17,227,538 | 100.00% | -0- |

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

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|----------------------------------|--------------------------------|-------------------|-------------------|--|-------------------------|
| | General Obligation Bonds | Capital Leases | | | |
| 2011 | \$ 12,479,000 | \$ 60,417 | \$ 12,539,417 | 1.93% | \$ 1,438 |
| 2012 | 11,885,000 | 60,417 | 11,945,417 | 1.77% | 1,363 |
| 2013 | 11,095,000 | | 11,095,000 | 1.58% | 1,264 |
| 2014 | 10,270,000 | | 10,270,000 | 1.44% | 1,168 |
| 2015 | 11,209,000 | | 11,209,000 | 1.52% | 1,276 |
| 2016 | 10,539,000 | | 10,539,000 | 1.37% | 1,201 |
| 2017 | 9,824,000 | | 9,824,000 | 1.26% | 1,123 |
| 2018 | 9,089,000 | | 9,089,000 | 1.12% | 1,043 |
| 2019 | 8,329,000 | | 8,329,000 | 1.00% | 988 |
| 2020 | 7,544,000 | | 7,544,000 | 0.91% | 895 |

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

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | | | |
| 2011 | \$ 12,479,000 | | \$ 12,479,000 | 0.97% | \$ 1,431 |
| 2012 | 11,885,000 | | 11,885,000 | 0.93% | 1,357 |
| 2013 | 11,095,000 | | 11,095,000 | 0.88% | 1,264 |
| 2014 | 10,270,000 | | 10,270,000 | 0.82% | 1,168 |
| 2015 | 11,209,000 | | 11,209,000 | 0.89% | 1,276 |
| 2016 | 10,539,000 | | 10,539,000 | 0.65% | 1,201 |
| 2017 | 9,824,000 | | 9,824,000 | 0.60% | 1,123 |
| 2018 | 9,089,000 | | 9,089,000 | 0.55% | 1,043 |
| 2019 | 8,329,000 | | 8,329,000 | 0.51% | 988 |
| 2020 | 7,544,000 | | 7,544,000 | 0.46% | 895 |

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

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

Source: School District Financial Reports

LONG HILL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|---------------------------------------|-----------------------------|---|--|
| Debt Repaid With Property Taxes | | | |
| Long Hill Township | \$ 8,000,121 | 100.00% | \$ 8,000,121 |
| Watchung Hills Regional High School | 28,838,000 | 21.49% | 6,196,332 |
| Morris County General Obligation Debt | 216,220,009 | 1.83% | <u>3,949,895</u> |
| Subtotal, Overlapping Debt | | | 18,146,349 |
| Long Hill School District Direct Debt | | | <u>8,329,000</u> |
| Total Direct And Overlapping Debt | | | <u><u>\$ 26,475,349</u></u> |

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

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

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

| Legal Debt Margin Calculation for Fiscal Year 2020 | |
|--|------------------|
| | Long Hill |
| Equalized Valuation Basis | Township |
| 2019 | \$ 1,740,941,855 |
| 2018 | 1,741,606,399 |
| 2017 | 1,735,497,637 |
| | \$ 5,218,045,891 |
| Average Equalized Valuation of Taxable Property | |
| Debt Limit (3% of average equalization value) | \$ 52,180,459 |
| Net Bonded School Debt as of June 30, 2020 | 7,544,000 |
| Legal Debt Margin | \$ 44,636,459 |

| | June 30, | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Debt Limit | \$ 54,824,044 | \$ 53,083,981 | \$ 51,171,706 | \$ 49,381,557 | \$ 48,956,831 | \$ 50,332,611 | \$ 51,680,707 | \$ 52,480,826 | \$ 52,246,804 | \$ 52,180,459 |
| Total Net Debt Applicable to Limit | 12,479,000 | 11,885,000 | 11,095,000 | 11,734,718 | 11,209,718 | 10,539,000 | 9,824,000 | 9,089,000 | 8,329,000 | 7,544,000 |
| Legal Debt Margin | \$ 42,345,044 | \$ 41,198,981 | \$ 40,076,706 | \$ 37,646,839 | \$ 37,747,113 | \$ 39,793,611 | \$ 41,856,707 | \$ 43,391,826 | \$ 43,917,804 | \$ 44,636,459 |
| Total Net Debt Applicable to the Limit As a Percentage of Debt Limit | 22.76% | 22.39% | 21.68% | 23.76% | 22.90% | 20.94% | 19.01% | 17.32% | 15.94% | 14.46% |

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

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

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

| Year | Population ^a | Personal Income ^b | Morris County Per Capita Personal Income ^c | Unemployment Rate ^d |
|------|-------------------------|---------------------------------|--|-----------------------------------|
| 2011 | 8,749 | \$ 669,937,177 | \$ 76,573 | 6.20% |
| 2012 | 8,748 | 695,299,788 | 79,481 | 6.40% |
| 2013 | 8,751 | 703,212,858 | 80,358 | 6.80% |
| 2014 | 8,726 | 729,720,476 | 83,626 | 4.40% |
| 2015 | 8,704 | 761,643,520 | 87,505 | 3.90% |
| 2016 | 8,670 | 777,291,510 | 89,653 | 3.60% |
| 2017 | 8,619 | 812,418,321 | 94,259 | 3.60% |
| 2018 | 8,560 | 846,087,520 | 98,842 | 3.10% |
| 2019 | 8,430 | 833,238,060 | 98,842 * | 2.60% |
| 2020 | 8,430 ** | 833,238,060 *** | 98,842 * | N/A |

* - Latest Morris County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest personal income data available (2019) was used for calculation purposes.

N/A - Information Unavailable

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

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

| | 2020 | | | 2011 | | |
|--------------------------|---------------------------|----------------|--------------------------------|---------------------------|----------------|--------------------------------|
| | Employer | Employees | Percentage of Total Employment | Employer | Employees | Percentage of Total Employment |
| | Atlantic Health System | 6,140 | 2.43% | Novartis | 4,990 | 1.99% |
| | Picatinny Arsenal | 6,000 | 2.37% | Atlantic Health System | 4,933 | 1.97% |
| | Novartis | 4,900 | 1.94% | US Army Armament R&D | 4,442 | 1.77% |
| | ADP | 2,690 | 1.06% | United Parcel Service | 2,332 | 0.93% |
| | Bayer | 2,400 | 0.95% | County of Morris | 1,959 | 0.78% |
| | Accenture | 1,865 | 0.74% | ADP | 1,924 | 0.77% |
| | Barclays | 1,800 | 0.71% | AT&T | 1,550 | 0.62% |
| | Honeywell | 1,704 | 0.67% | St. Clare's Health System | 1,531 | 0.61% |
| | Allergan | 1,627 | 0.64% | BASF Corporation | 1,400 | 0.56% |
| | St. Clare's Health System | 1,565 | 0.62% | Avis Budget Group, Inc. | 1,378 | 0.55% |
| Total | | <u>30,691</u> | <u>12.13%</u> | | <u>26,439</u> | <u>10.55%</u> |
| Total County Labor Force | | <u>252,984</u> | | | <u>250,640</u> | |

Source: Morris County Treasurer's Office

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

| <u>Function/Program</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction: | | | | | | | | | | |
| Regular | 67.0 | 67.0 | 61.8 | 62.1 | 63.9 | 63.1 | 59.7 | 66.0 | 76.83 | 64.87 |
| Special Education | 26.0 | 24.8 | 26.4 | 28.0 | 27.6 | 29.2 | 37.0 | 26.7 | 37.56 | 40.06 |
| Support Services: | | | | | | | | | | |
| Administration | 5.0 | 5.0 | 6.0 | 6.0 | 6.0 | 6.0 | 4.9 | 7.0 | 5.92 | 6.92 |
| Secretarial | 8.4 | 8.4 | 8.3 | 8.2 | 8.5 | 8.5 | 8.5 | 7.5 | 8.50 | 6.92 |
| Other support services | 16.50 | 16.00 | 16.00 | 17.20 | 15.30 | 16.85 | 14.00 | 14.00 | 5.32 | 10.10 |
| Total | 122.9 | 121.2 | 118.5 | 121.5 | 121.3 | 123.6 | 124.1 | 121.2 | 134.1 | 128.9 |

Source: District Personnel Records

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

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|--------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle | | | | |
| 2011 | 940 | \$ 14,962,325 | \$ 15,922 | 7.66% | 97.0 | 1:13.3 | 1:13.6 | 939.7 | 904.9 | -8.00% | 96.30% |
| 2012 | 921 | 15,706,282 | 17,055 | 7.12% | 97.2 | 1:11.1 | 1:11.9 | 920.9 | 887.1 | -2.00% | 96.33% |
| 2013 | 869 | 15,941,989 | 18,343 | 7.55% | 100.0 | 1:11.8 | 1:7.9 | 869.1 | 835.8 | -5.62% | 96.17% |
| 2014 | 851 | 15,482,265 | 18,199 | -0.78% | 97.0 | 1:9.4 | 1:10.5 | 850.7 | 818.0 | -2.12% | 96.16% |
| 2015 | 832 | 16,109,840 | 19,374 | 6.46% | 91.5 | 1:9.5 | 1:10.0 | 831.5 | 801.6 | -2.26% | 96.40% |
| 2016 | 822 | 16,787,336 | 20,432 | 5.46% | 92.3 | 1:9.9 | 1:9.5 | 821.6 | 792.1 | -1.19% | 96.41% |
| 2017 | 846 | 17,405,364 | 20,574 | 0.69% | 96.7 | 1:9.8 | 1:9.0 | 832.9 | 795.3 | 1.38% | 95.49% |
| 2018 | 846 | 18,249,703 | 21,572 | 4.85% | 92.8 | 1:9.3 | 1:9.3 | 850.7 | 813.6 | 3.54% | 95.64% |
| 2019 | 856 | 19,151,870 | 22,374 | 3.72% | 93.8 | 1:9.3 | 1:9.3 | 851.7 | 816.4 | 0.12% | 95.85% |
| 2020 | 891 | 18,532,739 | 20,800 | -7.03% | 89.5 | 1:9.4 | 1:11.1 | 891.6 | 866.3 | 4.68% | 97.16% |

Note: Enrollment based on annual October district count.

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

Source: Long Hill Township School District records

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

| District Building | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <u>Gillette School (1935)</u> | | | | | | | | | | |
| Square feet | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 | 38,234 |
| Capacity (students) | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 | 300.0 |
| Enrollment | 173.0 | 170.0 | 154.0 | 157.0 | 185.0 | 202.0 | 216.0 | 231.0 | 233.0 | 225.0 |
| <u>Millington School (1935)</u> | | | | | | | | | | |
| Square feet | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 | 72,128 |
| Capacity (students) | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 | 604.0 |
| Enrollment | 399.0 | 359.0 | 368.0 | 347.0 | 333.0 | 322.0 | 360.0 | 348.0 | 363.0 | 396.0 |
| <u>Central School (1935)</u> | | | | | | | | | | |
| Square feet | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 | 74,757 |
| Capacity (students) | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 | 464.0 |
| Enrollment | 352.0 | 327.0 | 326.0 | 342.0 | 313.0 | 297.0 | 270.0 | 267.0 | 255.0 | 270.0 |

Number of Schools at June 30, 2020

| | |
|------------|---|
| Elementary | 2 |
| Middle | 1 |

Source: District Facilities Office

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

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

Undistributed Expenditures - Required Maintenance For School Facilities

| School Facilities * | Fiscal Year Ending June 30, | | | | | | | | | |
|--------------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Gillette School | ** | ** | ** | ** | ** | ** | ** | \$ 62,413 | \$ 64,836 | \$ 57,289 |
| Millington School | ** | ** | ** | ** | ** | ** | ** | 117,741 | 112,075 | 108,074 |
| Central School | ** | ** | ** | ** | ** | ** | ** | 122,032 | 189,571 | 112,013 |
| Total School Facilities | \$ 180,716 | \$ 306,453 | \$ 270,943 | \$ 203,694 | \$ 221,618 | \$ 218,847 | \$ 306,938 | \$ 302,186 | \$ 366,482 | \$ 277,376 |

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

** Not Available

Source: District records

LONG HILL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

| <u>Company</u> | <u>Type of Coverage</u> | <u>Coverage</u> | <u>Deductible</u> |
|--|--|-----------------|------------------------------------|
| Morris Essex Insurance Group (MEIG) | School Commercial Package | | |
| | Property - Blanket Building & Contents | \$ 34,272,434 | \$ 5,000 |
| | Systems Breakdown | \$ 5,000,000 | \$ 5,000 |
| | Crime - Employee Theft | \$ 500,000 | \$ 5,000 |
| | Commercial General Liability | | |
| | - Each Occurrence | \$ 1,000,000 | |
| | - General Aggregate | \$ 3,000,000 | |
| | Automobile Liability | \$ 1,000,000 | \$ 1,000 |
| | Excess Umbrella | | |
| | - Policy Limit | \$ 10,000,000 | |
| | School Board Legal Liability | | |
| | - Policy Limit | \$ 1,000,000 | \$10,000 - SBLL \$20,000 - EPLI |
| | Workers Compensation | | |
| | - Per Accident - Each Employee | \$ 5,000,000 | |
| | - Per Disease - Each Employee | \$ 5,000,000 | |
| | - Per Disease - Policy Limit | \$ 5,000,000 | |
| | Cyber Liability | \$ 2,000,000 | \$ 15,000 |
| | Group Aggregate | \$ 4,000,000 | |
| Selective Insurance Company | Public Employees' Faith Performance | | |
| | - Business Administrator's Bond | \$ 250,000 | |
| Fireman's Fund | Excess Liability | \$ 50,000,000 | |

Source: Long Hill Township School District records

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
December 15, 2020

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
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Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Long Hill Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mount Arlington, New Jersey
December 15, 2020

Nisiroccia LLP
NISIVOCCIA LLP

John J. Mooney

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title | Federal CFDA Number | Grant or State Project Number | Grant Period | | Program or Award Amount | Balance at June 30, 2019 Accounts (Receivable) | Cash Received | Budgetary Expenditures | Balance at June 30, 2020 Accounts (Receivable) | Amount Provided to Subrecipients |
|--|---------------------------|----------------------------------|--------------|---------|-------------------------------|---|------------------|---------------------------|---|--|
| | | | From | To | | | | | | |
| State Department of Agriculture: | | | | | | | | | | |
| Passed-through State Department of Agriculture: | | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | |
| Special Milk Program | 10.556 | N/A | 7/1/19 | 6/30/20 | \$ 3,223 | \$ 3,323 | \$ (3,323) | | | |
| Special Milk Program | 10.556 | N/A | 7/1/18 | 6/30/19 | 4,160 | 809 | | | | |
| Total Enterprise Fund | | | | | | (809) | 4,132 | (3,323) | | |
| Total U.S. Department of Agriculture | | | | | | (809) | 4,132 | (3,323) | | |
| U.S. Department of Education - | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Elementary and Secondary Education Act: | | | | | | | | | | |
| Title I | 84.010A | ESEA-4000-20 | 7/1/19 | 9/30/20 | 36,691 | | 26,247 | (34,419) | (8,172) | |
| Title I | 84.010A | ESEA-4000-19 | 7/1/18 | 9/30/19 | 25,582 | (14,067) | 14,067 | | | |
| Total Title I | | | | | | (14,067) | 40,314 | (34,419) | (8,172) | |
| Title II A | 84.367A | ESEA-4000-20 | 7/1/19 | 9/30/20 | 19,046 | | 11,488 | (12,675) | (1,187) | |
| Title II A | 84.367A | ESEA-4000-19 | 7/1/18 | 9/30/19 | 14,423 | (1,039) | 1,039 | | | |
| Total Title II A | | | | | | (1,039) | 12,527 | (12,675) | (1,187) | |
| Title III Immigrant | 84.365A | ESEA-4000-19 | 7/1/18 | 9/30/19 | 1,880 | (1,581) | 1,581 | | | |
| Title IV | 84.424 | ESEA-4000-20 | 7/1/19 | 9/30/20 | 10,000 | | 8,466 | (8,999) | (533) | |
| Title IV | 84.424 | ESEA-4000-19 | 7/1/18 | 9/30/19 | 10,000 | (10,000) | 10,000 | | | |
| Total Title IV | | | | | | (10,000) | 18,466 | (8,999) | (533) | |
| Total Elementary and Secondary Education Act | | | | | | (26,687) | 72,888 | (56,093) | (9,892) | |

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title | Federal CFDA Number | Grant or State Project Number | Grant Period | | Program or Award Amount | Balance at June 30, 2019 Accounts (Receivable) | Cash Received | Budgetary Expenditures | Balance at June 30, 2020 Accounts (Receivable) | Amount Provided to Subrecipients |
|--|---------------------------|----------------------------------|--------------|---------|-------------------------------|---|------------------|---------------------------|---|--|
| | | | From | To | | | | | | |
| U.S. Department of Education - | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | |
| Special Education Cluster: | | | | | | | | | | |
| I.D.E.A. Part B, Basic Regular | 84.027 | IDEA-4000-19 | 7/1/18 | 9/30/19 | \$ 207,284 | \$ (7,217) | \$ 7,217 | \$ (223,225) | \$ (32,822) | |
| I.D.E.A. Part B, Basic Regular | 84.027 | IDEA-4000-20 | 7/1/19 | 9/30/20 | 223,225 | (7,217) | 190,403 | (223,225) | (32,822) | |
| Total I.D.E.A. Part B, Basic Regular | | | | | 11,527 | | 11,527 | (11,527) | | |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA-4000-20 | 7/1/19 | 9/30/20 | 11,527 | (7,217) | 209,147 | (234,752) | (32,822) | |
| Total Special Education Cluster | | | | | | | | | | |
| Total Special Revenue Fund | | | | | | \$ (33,904) | 282,035 | (290,845) | (42,714) | |
| Total U.S. Department of Education | | | | | | (33,904) | 282,035 | (290,845) | (42,714) | |
| TOTAL FEDERAL AWARDS | | | | | | \$ (34,713) | \$ 286,167 | \$ (294,168) | \$ (42,714) | \$ -0- |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

| State Grantor/Program Title | Grant or State Project Number | Grant Period | | Program or Award Amount | Balance at July 1, 2019 | | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance at June 30, 2020 | | MEMO | |
|--|-------------------------------|--------------|---------|-------------------------|---------------------------------|----------------|----------------|------------------------|------------------------------------|----------------------------|----------------|---------------------------------|-------------------------------|
| | | From | To | | Budgetary (Accounts Receivable) | Due to Grantor | | | | GAAP (Accounts Receivable) | Due to Grantor | Budgetary (Accounts Receivable) | Cumulative Total Expenditures |
| State Department of Agriculture: | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| Special Education Categorical Aid | 19-495-034-5120-089 | 7/1/18 | 6/30/19 | \$ 551,765 | \$ (49,586) | \$ 49,586 | | | | | | | \$ 551,765 |
| Categorical Security Aid | 19-495-034-5120-084 | 7/1/18 | 6/30/19 | 13,945 | (1,253) | 1,253 | | | | | | | 13,945 |
| Categorical Transportation Aid | 19-495-034-5120-014 | 7/1/18 | 6/30/19 | 171,428 | (15,406) | 15,406 | | | | | | | 171,428 |
| Extraordinary Special Education Costs Aid | 19-495-034-5094-004 | 7/1/18 | 6/30/19 | 121,216 | (120,480) | 120,480 | | | | | | | 121,216 |
| Additional Non-Public Transportation Aid | 19-495-034-5120-014 | 7/1/18 | 6/30/19 | 19,788 | (19,788) | 19,788 | | | | | | | 19,788 |
| Reimbursed TPAF Social Security Contributions | 19-100-034-5095-002 | 7/1/18 | 6/30/19 | 505,371 | (25,748) | 25,748 | | | | | | | 505,371 |
| Special Education Categorical Aid | 20-495-034-5120-089 | 7/1/19 | 6/30/20 | 602,818 | | 548,775 | \$ (602,818) | | | | | \$ (54,043) | 602,818 |
| Categorical Security Aid | 20-495-034-5120-084 | 7/1/19 | 6/30/20 | 13,945 | | 12,695 | (13,945) | | | | | (1,250) | 13,945 |
| Categorical Transportation Aid | 20-495-034-5120-014 | 7/1/19 | 6/30/20 | 171,428 | | 156,060 | (171,428) | | | | | (15,368) | 171,428 |
| Extraordinary Special Education Costs Aid | 20-495-034-5120-044 | 7/1/19 | 6/30/20 | 278,059 | | | (278,059) | | | \$ (278,059) | | (278,059) | 278,059 |
| Reimbursed TPAF Social Security Contributions | 20-495-034-5094-003 | 7/1/19 | 6/30/20 | 511,289 | | 485,821 | (511,289) | | | (25,468) | | (25,468) | 511,289 |
| On-Behalf TPAF Post Retirement Contributions | 20-495-034-5094-001 | 7/1/19 | 6/30/20 | 544,739 | | 544,739 | (544,739) | | | | | | 544,739 |
| On-Behalf TPAF Pension Contributions | 20-495-034-5094-002 | 7/1/19 | 6/30/20 | 1,442,517 | | 1,442,517 | (1,442,517) | | | | | | 1,442,517 |
| On-Behalf TPAF Non-Contributory Insurance | 20-495-034-5094-004 | 7/1/19 | 6/30/20 | 25,855 | | 25,855 | (25,855) | | | | | | 25,855 |
| On-Behalf TPAF Long-Term Disability Insurance | 20-495-034-5094-004 | 7/1/19 | 6/30/20 | 1,313 | | 1,313 | (1,313) | | | | | | 1,313 |
| Total General Fund State Aid | | | | | (232,261) | 3,450,036 | (3,591,963) | | | (303,527) | | (374,188) | 4,975,476 |
| Special Revenue Fund: | | | | | | | | | | | | | |
| NJ Nonpublic Aid: | | | | | | | | | | | | | |
| Textbook Aid (Chapter 194) | 19-100-034-5120-064 | 7/1/18 | 6/30/19 | 4,432 | | \$ 3,898 | | | \$ (3,898) | | | | 534 |
| Textbook Aid (Chapter 194) | 20-100-034-5120-064 | 7/1/19 | 6/30/20 | 4,006 | | 4,006 | (4,006) | | | | | | 4,006 |
| Nursing Services (Chapter 226) | 20-100-034-5120-070 | 7/1/19 | 6/30/20 | 7,372 | | 7,372 | (7,372) | | | | | | 7,372 |
| Technology Initiative | 19-100-034-5120-373 | 7/1/18 | 6/30/19 | 2,988 | | 242 | (242) | | | | | | 2,746 |
| Technology Initiative | 20-100-034-5120-373 | 7/1/19 | 6/30/20 | 2,736 | | 2,736 | (2,736) | | | | | | 2,736 |
| Security Aid | 19-495-034-5120-084 | 7/1/18 | 6/30/19 | 12,450 | | 4,100 | (4,100) | | | | | | 8,350 |
| Security Aid | 20-495-034-5120-084 | 7/1/19 | 6/30/20 | 11,400 | | 11,400 | (71) | | | \$ 11,329 | | | 71 |
| Auxiliary Services (Chapter 192): | | | | | | | | | | | | | |
| Compensatory Education | 19-100-034-5120-067 | 7/1/18 | 6/30/19 | 4,247 | | 4,247 | (4,247) | | | | | | |
| Compensatory Education | 20-100-034-5120-067 | 7/1/19 | 6/30/20 | 3,245 | | 2,827 | (418) | | | (418) | | | |
| English as a Second Language | 20-100-034-5120-067 | 7/1/19 | 6/30/20 | 827 | | 725 | (102) | | | (102) | | | |
| Handicapped Services (Chapter 193): | | | | | | | | | | | | | |
| Examination and Classification | | | | | | | | | | | | | |
| Total Special Revenue Fund | 20-100-034-5120-066 | 7/1/19 | 6/30/20 | 2,600 | | 2,268 | (2,599) | | | (332) | | | 1 |
| Total State Awards Subject to Single Audit Determination | | | | | 12,487 | 31,334 | (16,784) | | | (852) | | | 28,414 |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | \$ (232,261) | \$ 3,481,370 | \$ (3,608,747) | | | \$ (304,379) | | | \$ (375,040) |
| Less: State Awards Not Subject to Single Audit Major Program Determination | | | | | | | | | | | | | |
| On-Behalf TPAF Pension System Contributions: | | | | | | | | | | | | | |
| On-Behalf TPAF Post Retirement Contributions | 20-495-034-5094-001 | 7/1/19 | 6/30/20 | (544,739) | | | 544,739 | | | | | | |
| On-Behalf TPAF Pension Contributions | 20-495-034-5094-002 | 7/1/19 | 6/30/20 | (1,442,517) | | | 1,442,517 | | | | | | |
| On-Behalf TPAF Non-Contributory Insurance | 20-495-034-5094-004 | 7/1/19 | 6/30/20 | (25,855) | | | 25,855 | | | | | | |
| On-Behalf TPAF Long-Term Disability Insurance | 20-495-034-5094-004 | 7/1/19 | 6/30/20 | (1,313) | | | 1,313 | | | | | | |
| Subtotal - On-Behalf TPAF Pension System Contributions | | | | | | | | | | | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | | | | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | | | | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | | | | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | | | | | | | | | |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Long Hill Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,416) for the General Fund, and \$28,514 for the Special Revenue Fund (of which (\$27,048) is for local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as follows:

| | <u>Federal Sources</u> | <u>State Sources</u> | <u>Total</u> |
|----------------------------|------------------------|----------------------|---------------------|
| General Fund | | \$ 3,587,547 | \$ 3,587,547 |
| Special Revenue Fund | \$ 292,311 | 16,784 | 309,095 |
| Proprietary Fund | <u>3,323</u> | | <u>3,323</u> |
| Total Financial Assistance | <u>\$ 295,634</u> | <u>\$ 3,604,331</u> | <u>\$ 3,899,965</u> |

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

| | <u>State Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|--------------------------|---------------------------|---------------------|---------------------|-------------------------------|
| Special Education | | | | |
| Categorical Aid | 20-495-034-5120-089 | 7/1/19-6/30/20 | \$ 602,818 | \$ 602,818 |
| Categorical Security Aid | 20-495-034-5120-084 | 7/1/19-6/30/20 | 13,945 | 13,945 |

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

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