

LONG HILL TOWNSHIP SCHOOL DISTRICT

**Prepared by:
Long Hill Township Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

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

For the Fiscal Year Ended June 30, 2021

**Prepared by:
Long Hill Township 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

Mr. Daniel Borgo
Interim Business Administrator/Board Secretary

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

November 5, 2021

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, 2021, 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 2020-2021 fiscal year with an enrollment of 810 students, which is a decrease of 81 students or 9.09% 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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November 5, 2021

2) ECONOMIC CONDITION AND OUTLOOK:

Long Hill Township is a mature suburban community within Morris County. In recent years, the District had experienced decreasing enrollment, with 810 students enrolled at the start of the 2020-2021 school year - a decrease of 81 students over the close of the 2019-2020 school year.

Due to COVID-19, the District faced 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, and 6) supplies and custodians to clean and disinfect the facilities.

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.

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 district has established the following strategic plan goals for the 2020-2021 school year:

Student Achievement Goals:

- 1) Using the *Road Forward Data Collection* as a guide, faculty will develop learning targets for students that aim to increase their proficiency levels and ensure that each student is challenged.
- 2) With the support of Basic Skills Instructors, English Language Learner Educators, and the New Jersey Consortium for Gifted and Talented Programs; the district will introduce new programming to address COVID related learning loss and provide opportunities for learning acceleration.

Technology Goals:

- 1) Design a comprehensive professional development schedule of offerings to further the ability of faculty and staff to effectively lead their classrooms and to continue using the latest applications and methods available and implement cybersecurity best practices.
- 2) Establish a device lifecycle schedule that refreshes district technology and allows for greater productivity for all students, faculty and staff.

Facilities & Finance Goals:

- 1) Constitute an ad hoc shared services committee that will take action to improve the quality and efficiency of building and grounds maintenance.
- 2) Implement a revenue generating program such as a district run before and after care program to offset expenditures.

Culture, Climate & Communication:

- 1) In order to enhance our social and emotional learning initiatives; the district will equip students to engage in developmentally appropriate service-learning projects.
- 2) The district will make efforts to increase communication with township residents who do not have children in the schools and welcome them to engage in school activities.

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.

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, 2021.

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

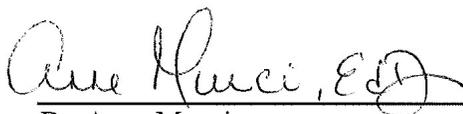
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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

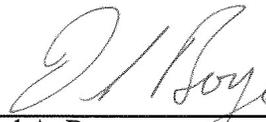
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed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

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

Respectfully submitted,



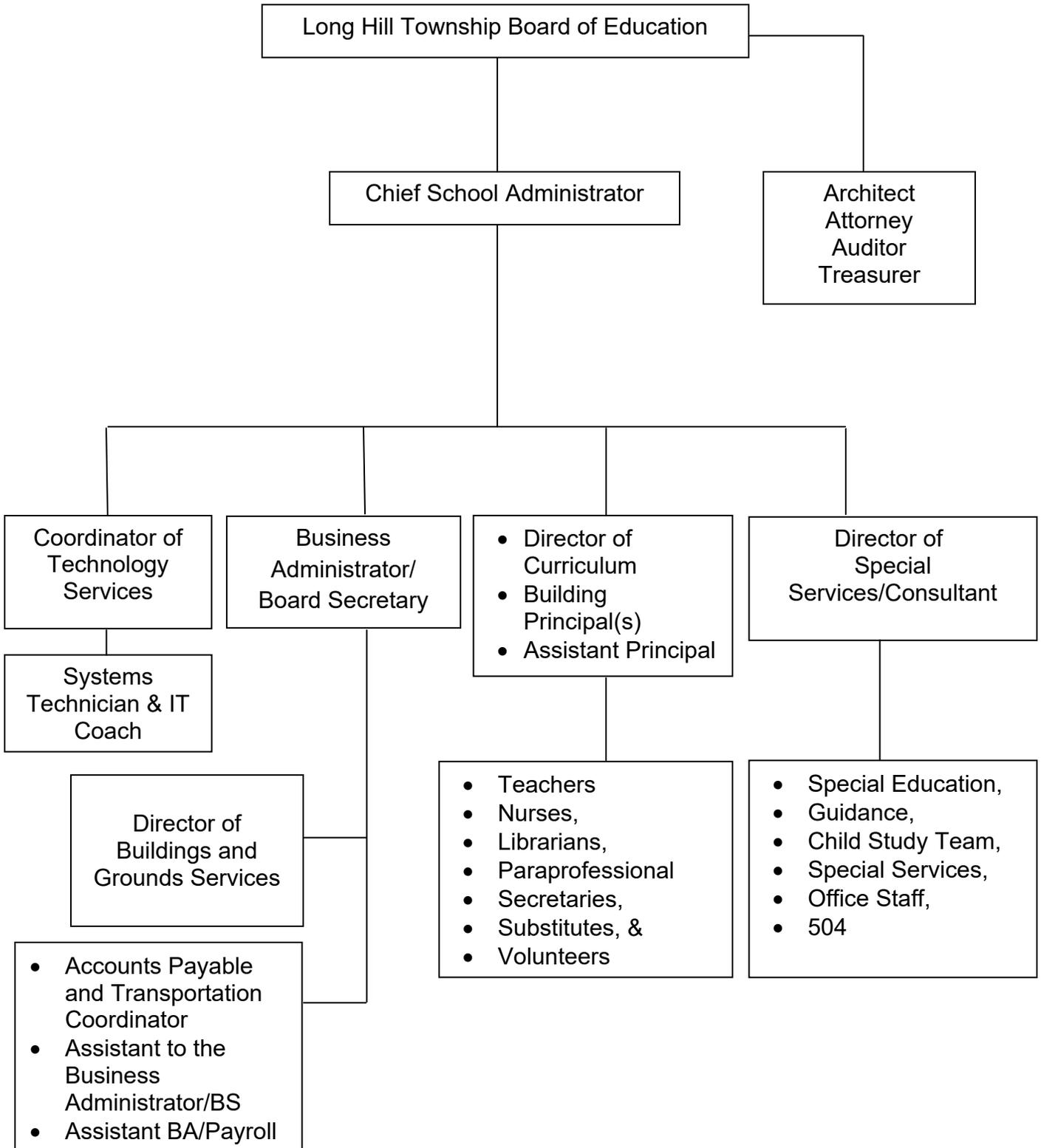
Dr. Anne Mucci
Superintendent



Daniel A. Borgo
Interim Business Administrator/Board Secretary

LONG HILL TOWNSHIP SCHOOL DISTRICT
 Gillette, New Jersey

ORGANIZATIONAL CHART



**LONG HILL TOWNSHIP SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Marta Moakley, President		2021
Kim Case, Vice President		2024
Ann Butler		2022
Karen Ann Nyquist		2022
Matthew DiGiorgio		2022
Katie McLennan		2021
Melissa Ruvolo		2021
Alexander D'Jamoos		2024
Tom Grosskopf		2024
<u>Other Officials</u>	<u>Title</u>	
Edwin Acevedo	Superintendent of Schools (To December 31, 2020)	
Dr. Anne Mucci	Superintendent of Schools (From January 1, 2021)	
Julie A. Kot	Board Secretary/School Business Administrator (To June 30, 2021)	
Daniel A. Borgo	Interim Board Secretary/School Business Administrator (From July 1, 2021)	

**LONG HILL TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
YEAR ENDED JUNE 30, 2021**

AUDIT FIRM

Nisivoccia LLP
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Lyndhurst, NJ 07071
(Special Education Counsel)

OFFICIAL DEPOSITORY

PNC Bank
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Stirling, NJ 07980

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Long Hill Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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 Honorable President and Members
of the Board of Education
Long Hill Township School District
Page 3

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 5, 2021

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, 2021**

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, 2021. 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.
- 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**

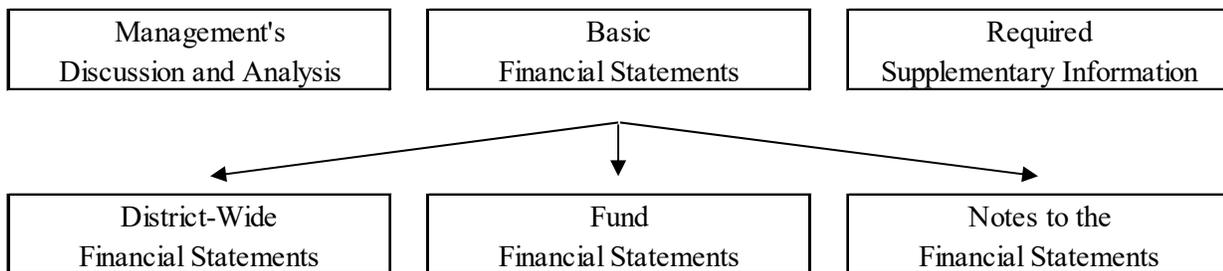


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private business: milk service
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
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
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
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

District-Wide Statements

The District-wide statements report information about the District using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District's assets, deferred inflows and outflows, and liabilities. All 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 two 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.

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 9.98%. Net position from governmental activities increased \$1,514,098 while net position from business-type activities decreased \$1,020.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/2021
	2020/2021	2019/2020*	2020/2021	2019/2020	2020/2021	2019/2020*	
Current and Other Assets	\$ 6,271,045	\$ 4,504,772	\$ 7,991	\$ 18,140	\$ 6,279,036	\$ 4,522,912	
Capital Assets, Net	21,456,502	22,794,351	9,129		21,465,631	22,794,351	
Total Assets	<u>27,727,547</u>	<u>27,299,123</u>	<u>17,120</u>	<u>18,140</u>	<u>27,744,667</u>	<u>27,317,263</u>	1.56%
Deferred Outflows of Resources	451,246	618,481			451,246	618,481	-27.04%
Other Liabilities	720,393	636,747			720,393	636,747	
Long-Term Liabilities	9,466,703	11,010,710			9,466,703	11,010,710	
Total Liabilities	<u>10,187,096</u>	<u>11,647,457</u>			<u>10,187,096</u>	<u>11,647,457</u>	-12.54%
Deferred Inflows of Resources	1,336,611	1,129,159			1,336,611	1,129,159	18.37%
Net Position:							
Net Investment in Capital Assets	14,727,502	15,250,351	9,129		14,736,631	15,250,351	
Restricted	4,554,307	3,239,374			4,554,307	3,239,374	
Unrestricted/(Deficit)	<u>(2,626,723)</u>	<u>(3,348,737)</u>	<u>7,991</u>	<u>18,140</u>	<u>(2,618,732)</u>	<u>(3,330,597)</u>	
Total Net Position	<u>\$ 16,655,086</u>	<u>\$ 15,140,988</u>	<u>\$ 17,120</u>	<u>\$ 18,140</u>	<u>\$ 16,672,206</u>	<u>\$ 15,159,128</u>	9.98%

* - Restated

Changes in Net Position. The District’s combined net position was \$16,672,206 on June 30, 2021, \$1,513,078 or 9.98% more than it was the year before (See Figure A-3). Net investment in capital assets decreased by \$513,720 due to depreciation offset by capital asset additions, and by the payment of bond principal. Restricted net position increased by \$1,314,933 as a result of an increase in the reserve accounts. Unrestricted net position increased by \$711,865 as a result of normal operations, changes in net pension liability and changes in compensated absences payable (See Figure A-3).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2020/2021
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 61,628	\$ 108,734		\$ 9,921	\$ 61,628	\$ 118,655	
Grants and Contributions:							
Operating	5,219,815	4,722,664		3,323	5,219,815	4,725,987	
General Revenue:							
Property Taxes	18,185,243	17,227,538			18,185,243	17,227,538	
Other	183,791	197,592	\$ 5	172	183,796	197,764	
Total Revenue	<u>23,650,477</u>	<u>22,256,528</u>	<u>5</u>	<u>13,416</u>	<u>23,650,482</u>	<u>22,269,944</u>	6.20%
Expenses:							
Instruction	11,932,705	11,939,647			11,932,705	11,939,647	
Pupil and Instruction Services	4,512,619	4,054,390			4,512,619	4,054,390	
Administrative and Business	2,121,953	2,102,454			2,121,953	2,102,454	
Maintenance and Operations	2,178,714	1,778,048			2,178,714	1,778,048	
Transportation	879,009	718,168			879,009	718,168	
Other	511,379	444,870	1,025	16,805	512,404	461,675	
Total Expenses	<u>22,136,379</u>	<u>21,037,577</u>	<u>1,025</u>	<u>16,805</u>	<u>22,137,404</u>	<u>21,054,382</u>	5.14%
Increase/(Decrease) in Net Position	<u>\$ 1,514,098</u>	<u>\$ 1,218,951</u>	<u>\$ (1,020)</u>	<u>\$ (3,389)</u>	<u>\$ 1,513,078</u>	<u>\$ 1,215,562</u>	<u>24.48%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of governmental activities has increased by \$1,514,098. However, maintaining existing programs with decreased 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	
	2020/2021	2019/2020	2020/2021	2019/2020
Instruction	\$ 11,932,705	\$ 11,939,647	\$ 7,090,544	\$ 7,336,945
Student and Instruction Services	4,512,619	4,054,390	4,489,086	4,054,390
Administrative and Business	2,121,953	2,102,454	1,916,319	1,919,307
Maintenance and Operations	2,178,714	1,778,048	2,178,714	1,778,048
Transportation	879,009	718,168	668,894	675,355
Other	511,379	444,870	511,379	442,134
	<u>\$ 22,136,379</u>	<u>\$ 21,037,577</u>	<u>\$ 16,854,936</u>	<u>\$ 16,206,179</u>

Business-Type Activities

Net position from the District’s business-type activities, milk service, decreased \$1,020 because the program was not active during the fiscal year. (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		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021
Land	\$ 8,567,700	\$ 8,567,700			\$ 8,567,700	\$ 8,567,700	
Land Improvements	40,742	43,807			40,742	43,807	
Buildings and Building Improvements	12,687,035	13,967,339			12,687,035	13,967,339	
Machinery and Equipment	161,025	215,505	\$ 9,129		170,154	215,505	
Total Capital Assets, Net of Depreciation	\$21,456,502	\$22,794,351	\$ 9,129	\$ -0-	\$21,465,631	\$22,794,351	-5.83%

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 \$6,729,000 in general obligation bonds – a reduction of \$815,000 from last year – as shown in Figure A-7. (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
	2020/2021	2019/2020	2020/2021
General Obligation Bonds, (Financed with Property Taxes)	\$ 6,729,000	\$ 7,544,000	
Net Pension Liability	2,022,090	2,615,620	
Other Long-Term Liabilities	715,613	851,090	
	\$ 9,466,703	\$ 11,010,710	-14.02%

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. 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 2022-2023 budget.
- 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) resulted in lower-than-budgeted employee contributions.
- 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 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, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,281,448	\$ 7,991	\$ 1,289,439
Receivables from Other Governments	435,292		435,292
Restricted Assets - Cash and Cash Equivalents	4,554,305		4,554,305
Capital Assets:			
Sites (Land)	8,567,700		8,567,700
Depreciable Buildings and Building Improvements and Machinery and Equipment	12,888,802	9,129	12,897,931
Total Assets	<u>27,727,547</u>	<u>17,120</u>	<u>27,744,667</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	451,246		451,246
Total Deferred Outflows of Resources	<u>451,246</u>		<u>451,246</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	525,389		525,389
Accrued Interest Payable	119,459		119,459
Payable to State Government	1,600		1,600
Unearned Revenue	73,945		73,945
Noncurrent Liabilities:			
Due Within One Year	856,426		856,426
Due Beyond One Year	8,610,277		8,610,277
Total Liabilities	<u>10,187,096</u>		<u>10,187,096</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	1,336,611		1,336,611
Total Deferred Outflows of Resources	<u>1,336,611</u>		<u>1,336,611</u>
NET POSITION			
Net Investment in Capital Assets	14,727,502	9,129	14,736,631
Restricted for:			
Capital Projects	3,236,364		3,236,364
Debt Service	2		2
Maintenance Reserve Account	830,076		830,076
Emergency Reserve Account	250,000		250,000
Unemployment	198,801		198,801
Student Activities	39,064		39,064
Unrestricted/(Deficit)	<u>(2,626,723)</u>	<u>7,991</u>	<u>(2,618,732)</u>
Total Net Position	<u>\$ 16,655,086</u>	<u>\$ 17,120</u>	<u>\$ 16,672,206</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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 8,621,366	\$ 38,095	\$ 2,480,086	\$ (6,103,185)		\$ (6,103,185)
Special Education	2,803,449		2,164,493	(638,956)		(638,956)
Other Special Instruction	403,204		134,021	(269,183)		(269,183)
Other Instruction	104,686		25,466	(79,220)		(79,220)
Support Services:						
Tuition	642,042			(642,042)		(642,042)
Student & Instruction Related Services	3,870,577	23,533		(3,847,044)		(3,847,044)
General Administrative Services	559,078			(559,078)		(559,078)
School Administrative Services	1,030,071		205,634	(824,437)		(824,437)
Central Services	489,033			(489,033)		(489,033)
Administration Information Technology	43,771			(43,771)		(43,771)
Plant Operations and Maintenance	2,178,714			(2,178,714)		(2,178,714)
Pupil Transportation	879,009		210,115	(668,894)		(668,894)
Transfer to Charter Schools	127,846			(127,846)		(127,846)
Interest on Long-Term Debt	303,210			(303,210)		(303,210)
Capital Outlay	80,323			(80,323)		(80,323)
Total Governmental Activities	22,136,379	61,628	5,219,815	(16,854,936)		(16,854,936)

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 1,025				\$ (1,025)	\$ (1,025)
Total Business-Type Activities	1,025				(1,025)	(1,025)
Total Primary Government	\$ 22,137,404	\$ 61,628	\$ 5,219,815	\$ (16,854,936)	(1,025)	(16,855,961)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				17,080,405		17,080,405
Taxes Levied for Debt Service				1,104,838		1,104,838
Interest and Unrestricted Miscellaneous Revenue				183,791	5	183,796
Total General Revenues				18,369,034	5	18,369,039
Change in Net Position				1,514,098	(1,020)	1,513,078
Net Position - Beginning - Restated				15,140,988	18,140	15,159,128
Net Position - Ending				\$ 16,655,086	\$ 17,120	\$ 16,672,206

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, 2021

	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,268,179	\$ 13,267	\$ 2	\$ 1,281,448
Receivables from State Government	420,004			420,004
Receivables from Federal Government		15,288		15,288
Restricted Cash and Cash Equivalents	4,515,241	39,064		4,554,305
Total Assets	<u>\$ 6,203,424</u>	<u>\$ 67,619</u>	<u>\$ 2</u>	<u>\$ 6,271,045</u>

LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 311,335	\$ 12,910		\$ 324,245
Payable to State Government		1,600		1,600
Unearned Revenue	59,900	14,045		73,945
Total Liabilities	<u>371,235</u>	<u>28,555</u>		<u>399,790</u>

Fund Balances:				
Restricted:				
Capital Reserve Account	3,236,364			3,236,364
Maintenance Reserve Account	830,076			830,076
Emergency Reserve Account	250,000			250,000
Unemployment	198,801			198,801
Student Activities		39,064		39,064
Debt Service			\$ 2	2
Assigned:				
Year-End Encumbrances	96,894			96,894
Designated for Subsequent Year's Expenditures	260,000			260,000

LONG HILL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances (Cont'd):				
Unassigned:				
General Fund	\$ 960,054			\$ 960,054
Total Fund Balances	<u>5,832,189</u>	<u>\$ 39,064</u>	<u>\$ 2</u>	<u>5,871,255</u>
Total Liabilities and Fund Balances	<u>\$ 6,203,424</u>	<u>\$ 67,619</u>	<u>\$ 2</u>	<u>6,271,045</u>

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.	21,456,502
Interest on Long-Term Debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(119,459)
Bond issuance Premiums are reported as revenue in the governmental funds in the year the bonds are sold.	(48,195)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds	(2,022,090)
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	250,102
Deferred Inflows - Pensions	(1,336,611)
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)	<u>(7,396,418)</u>
Net Position of Governmental Activities	<u>\$ 16,655,086</u>

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, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 17,080,405		\$ 1,104,838	\$ 18,185,243
Transportation Fees from Individuals	16,640			16,640
Tuition	29,500			29,500
Rents and Royalties	8,595			8,595
Interest Earned on Maintenance Reserve Funds	50			50
Interest on Capital Reserve Funds	100			100
Restricted Miscellaneous		\$ 23,533		23,533
Unrestricted Miscellaneous	183,641	13,985		197,626
Total - Local Sources	17,318,931	37,518	1,104,838	18,461,287
State Sources	4,323,488	18,221		4,341,709
Federal Sources		342,777		342,777
Total Revenues	21,642,419	398,516	1,104,838	23,145,773
EXPENDITURES				
Current:				
Regular Instruction	4,740,080	124,035		4,864,115
Special Education Instruction	1,243,660	250,948		1,494,608
Other Special Instruction	175,833			175,833
Other Instruction	103,780			103,780
Support Services and Undistributed Costs:				
Tuition	642,042			642,042
Student & Instruction Related Services	2,805,463	28,382		2,833,845

LONG HILL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES				
Support Services and Undistributed Costs: (Cont'd)				
General Administrative Services	\$ 449,292			\$ 449,292
School Administrative Services	604,280			604,280
Central Services	374,209			374,209
Administration Information Technology	31,787			31,787
Plant Operations and Maintenance	1,936,329			1,936,329
Pupil Transportation	873,742			873,742
Unallocated Benefits	5,688,104			5,688,104
Debt Service:				
Principal			\$ 815,000	815,000
Interest and Other Charges			289,838	289,838
Capital Outlay	158,735			158,735
Transfer of Funds to Charter Schools	127,846			127,846
Total Expenditures	19,955,182	\$ 403,365	1,104,838	21,463,385
Net Change in Fund Balances	1,687,237	(4,849)		1,682,388
Fund Balance—July 1 (Restated)	4,144,952	43,913	2	4,188,867
Fund Balance—June 30	<u>\$ 5,832,189</u>	<u>\$ 39,064</u>	<u>\$ 2</u>	<u>\$ 5,871,255</u>

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, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,682,388

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 and capital asset deletions (net) 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	\$ 45,231
	Capital Asset Deletions (Net)	(22,724)
	Depreciation	<u>(1,360,356)</u>
		(1,337,849)

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.

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. 815,000

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 (+). 6,426

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: 13,383

Change in Net Pension Liability	593,530
Change in Deferred Outflows	(180,379)
Change in Deferred Inflows	(207,452)

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 (+). 129,051

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

\$ 1,514,098

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, 2021

	Business-type Activities - Enterprise Funds
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 7,991
Total Current Assets	7,991
Non-Current Assets:	
Capital Assets	9,781
Less: Accumulated Depreciation	(652)
Total Non-Current Assets	9,129
Total Assets	17,120
 NET POSITION:	
Investment in Capital Assets	9,129
Unrestricted	7,991
Total Net Position	\$ 17,120

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, 2021

	<u>Business-type Activities - Enterprise Fund</u>
Operating Expenses:	
Depreciation	\$ 652
Miscellaneous Expenses	373
	1,025
Total Operating Expenses	1,025
Operating (Loss)	(1,025)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	5
	5
Total Non-Operating Revenue	5
Change in Net Position	(1,020)
Net Position - Beginning of Year	18,140
Net Position - End of Year	\$ 17,120

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, 2021

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Miscellaneous Expenses	\$ (373)
Net Cash (Used for) Operating Activities	<u>(373)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>5</u>
Net Cash Provided by Investing Activities	<u>5</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(9,781)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(9,781)</u>
Net Decrease in Cash and Cash Equivalents	(10,149)
Cash and Cash Equivalents, July 1	<u>18,140</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 7,991</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (1,025)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	<u>652</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (373)</u></u>

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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. 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, 2021
(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. Separate statements for each fund category - *governmental*, and *proprietary* - 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, 2021
(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.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary 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, 2021
(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, 2021 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 except for student activities. 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, 2021
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 21,644,443	\$ 409,705
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.		(11,189)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	70,661	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(72,685)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 21,642,419	\$ 398,516
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,955,182	\$ 414,554
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.		(11,189)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,955,182	\$ 403,365

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, 2021
(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, 2021
(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, 2021.

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, 2021
(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 \$156,871 in accrued salaries and wages as of June 30, 2021 mostly for accumulated sick day payouts that were 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. 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 \$5,832,189 General Fund fund balance at June 30, 2021, \$3,236,364 is restricted in the capital reserve account; \$830,076 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, 2022; \$198,801 is restricted for unemployment compensation; \$96,894 is assigned for encumbrances; and \$960,054 is unassigned which is \$72,685 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, 2022 on a GAAP basis.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 of \$39,064 is restricted for student activities.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2021 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, 2021
(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 \$72,685 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 \$2,626,723 in governmental activities, which is primarily due to compensated absences payable and net pension liability and related deferred liabilities and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

R. Net Position: (Cont'd)

The District has deferred outflows related to pensions. The District had deferred outflows and inflows of resources at June 30, 2021 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, unemployment, student activities 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, 2021.

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, 2021.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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, 2021
(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, 2021
(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, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking Accounts	\$ 1,289,439	\$ 4,554,305	\$ 5,843,744
	\$ 1,289,439	\$ 4,554,305	\$ 5,843,744

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021 was \$5,843,744 and the bank balance was \$6,325,147.

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, 2021
(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,836,264
Interest Earnings	100
Transfer by Board Resolution - June, 14 2021	<u>1,400,000</u>
Ending Balance, June 30, 2021	<u>\$ 3,236,364</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.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, there were transfers to capital outlay for equipment which did not require County Superintendent approval. There were also transfers to capital outlay for facilities acquisition and construction services, for which County Superintendent approval was obtained.

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, 2021

(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$	664,457
Interest Earnings		50
Transfer by Board Resolution - June, 14 2021		165,569
Ending Balance, June 30, 2021	\$	830,076

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 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	36,052,634	\$ 32,956		36,085,590
Machinery and Equipment	731,447	12,275	\$ (22,724)	720,998
Total Capital Assets Being Depreciated	36,845,381	45,231	(22,724)	36,867,888
Governmental Activities Capital Assets	45,413,081	45,231	(22,724)	45,435,588
Less Accumulated Depreciation for:				
Site Improvement	(17,493)	(3,065)		(20,558)
Buildings and Building Improvements	(22,085,295)	(1,313,260)		(23,398,555)
Machinery and Equipment	(515,942)	(44,031)		(559,973)
	(22,618,730)	(1,360,356)		(23,979,086)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 22,794,351	\$ (1,315,125)	\$ (22,724)	\$ 21,456,502

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	Ending Balance	Increases	Adjustments/ Decreases	Ending Balance
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment		\$ 9,781		\$ 9,781
Less Accumulated Depreciation		(652)		(652)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	\$ -0-	\$ 9,129	\$ -0-	\$ 9,129

As of June 30, 2021, the District did not have active capital construction projects in process.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 492,724
Special Education	128,928
Other Instruction	96,154
Student and Instructional Support Services	291,624
General Administrative	46,703
School Administrative	62,814
Central Services	38,899
Administration Information Technology	3,304
Plant Operations and Maintenance	199,206
	\$ 1,360,356

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2020	Accrued	Adjustment/ Retired	Balance 6/30/2021
Serial Bonds Payable	\$ 7,544,000		\$ 815,000	\$ 6,729,000
Compensated Absences Payable	796,469		129,051	667,418
Net Pension Liability	2,615,620		593,530	2,022,090
Bond Issuance Premium	54,621		6,426	48,195
	\$ 11,010,710	\$ -0-	\$ 1,544,007	\$ 1,922,703

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 \$41,769.

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, 2021 as follows:

<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
School Bonds of 2012	1/15/2029	4.00%	\$ 6,190,000
School Bonds of 2014	1/15/2024	2.25% - 2.50%	539,000
			<u>\$ 6,729,000</u>

The current portion of bonds payable at June 30, 2021 is \$850,000.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	790,000	133,400	923,400
2027-2029	<u>2,545,000</u>	<u>206,200</u>	<u>2,751,200</u>
	<u>\$ 6,729,000</u>	<u>\$ 1,190,738</u>	<u>\$ 7,919,738</u>

C. Bonds Authorized But Not Issued:

As of June 30, 2021, 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, 2021
(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 \$667,418. There is no current portion of the compensated absences liability at June 30, 2021. 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, 2021, 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, 2021 is \$-0- and the long-term portion is \$2,022,090. 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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 250,000
Ending Balance, June 30, 2021	<u>\$ 250,000</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 annual financial statements 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, 2021
(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 \$135,649 for 2021.

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, 2021, the District's liability was \$2,022,090 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.01239%, which was a decrease of 0.00212% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$135,649. At June 30, 2021, 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, 2021
(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)

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 65,599	
	2017	5.48		\$ (191,407)
	2018	5.48		(187,784)
	2019	5.21		(149,127)
	2020	5.16		(318,350)
				<u>65,599</u>
Changes in Proportion	2016	5.57	1,991	
	2017	5.48	5,692	
	2018	5.48		(7,151)
	2019	5.21	11,399	
	2020	5.16	17,737	
				<u>36,819</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(24,744)	
	2018	5.00	(22,949)	
	2019	5.00	5,554	
	2020	5.00	111,256	
				<u>69,117</u>
Difference Between Expected and Actual Experience	2015	5.72		
	2016	5.57	7,252	
	2017	5.48		(89,032)
	2018	5.48	71,315	
	2019	5.21		(9,606)
	2020	5.16		(384,154)
			<u>78,567</u>	<u>(482,792)</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	201,144	
			<u>\$ 451,246</u>	<u>\$ (1,336,611)</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (253,735)
2022	(231,329)
2023	(132,199)
2022	(53,459)
2025	(11,562)
	\$ (682,284)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 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>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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, 2020 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, 2020		
	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 2,539,835	\$ 2,022,090	\$ 1,574,489

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements 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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

The following represents the membership tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. 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 2021, the State of New Jersey contributed \$1,924,048 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,692,989.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$43,306,605. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0657%, which was an increase of 0.00002% from its proportion measured as of June 30, 2019.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>43,306,605</u>
Total	\$	<u><u>43,306,605</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$2,692,989 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		7,520,890
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(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, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 50,868,679	\$ 43,306,605	\$ 37,027,571

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 \$27,630 for the year ended June 30, 2021. Employee contributions to DCRP amounted to \$40,306 for the year ended June 30, 2021.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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.

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, 2021
(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, 2021
(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 and Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021 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, 2021
(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 and 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 Compensation 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 Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years.

Fiscal Year Ending June 30,	Employee Contributions	Amount Reimbursed	Ending Balance
2021	\$ 15,718	\$ 1,655	\$ 198,801
2020	29,822	18,795	184,738
2019		24,350	173,711

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021 audit report of the MEIG was not available as of the date of this report. Selected financial information for MEIG as of June 30, 2020 is as follows:

	Morris Essex Insurance Group
Total Assets	\$ 11,802,954
Net Position	\$ 8,479,975
Total Revenue	\$ 4,013,691
Total Expenses	\$ 2,294,520
Change in Net Position	\$ 1,719,171
Net Position Distribution to Participating Members	\$ 1,025,082

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, 2021
(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 District did not have interfund balances as of June 30, 2021.

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.

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.

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 17. COMMITMENTS AND CONTINGENCIES (CONT'D)

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, 2021:

	Governmental Funds		
	General Fund	Special Revenue Fund	Total Governmental Funds
Encumbrances	<u>\$ 96,894</u>	<u>\$ 12,846</u>	<u>\$ 109,740</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$12,846 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, 2021:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund		
Vendors	\$ 149,565	\$ 12,910		\$ 162,475
Accrued Salaries & Wages	156,871			156,871
Payroll Deductions and Withholdings	4,899			4,899
State of New Jersey			\$ 201,144	201,144
	<u>\$ 311,335</u>	<u>\$ 12,910</u>	<u>\$ 201,144</u>	<u>\$ 525,389</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 19: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Milk Program was impacted by COVID-19 as the District did not offer milk for the fiscal year ending June 30, 2021. The District plans to offer milk for the fiscal year ended June 30, 2022.

Additionally, the District refunded the 8 remaining payments due on their 2012 School Bonds totaling \$5,515,000 with an interest rate of 4.00% in September 2021. The District issued 2021 School Refunding Bonds in the amount of \$4,930,000 with a net interest cost of .909%. The net present value savings in interest on the 2021 School Refunding bonds is \$613,924.61.

NOTE 20: PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
	<u> </u>	<u> </u>	<u> </u>
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 14,912,337	\$ 228,651	\$ 15,140,988
 <u>Statement of Revenues, Expenditures and Changes in</u>			
<u>Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 3,960,214	\$ 184,738	\$ 4,144,952
 Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 43,913	\$ 43,913
 <u>Statement of Changes in Fiduciary Net Position -</u>			
<u>Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 184,738	\$ (184,738)	\$ -0-

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0153385750%	0.0150636512%	0.0154202164%	0.0139082413%	0.0145851379%	0.0145163165%	0.0123998404%
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	\$ 2,022,090
District's covered employee payroll	\$ 968,092	\$ 1,038,723	\$ 992,699	\$ 959,527	\$ 954,517	\$ 904,491	\$ 868,071
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%	232.94%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 126,449	\$ 129,507	\$ 136,991	\$ 128,845	\$ 145,075	\$ 142,100	\$ 135,649
Contributions in relation to the contractually required contribution	(126,449)	(129,507)	(136,991)	(128,845)	(145,075)	(142,100)	(135,649)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,038,723	\$ 992,699	\$ 959,527	\$ 954,517	\$ 904,491	\$ 868,071	\$ 970,692
Contributions as a percentage of covered employee payroll	12.17%	13.05%	14.28%	13.50%	16.04%	16.37%	13.97%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0669638876%	0.0626910940%	0.0673556169%	0.0675625112%	0.0643526151%	0.0657441105%	0.0657667367%
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	\$ 43,306,605
District's covered employee payroll	\$ 6,724,784	\$ 6,604,240	\$ 6,604,240	\$ 6,793,820	\$ 6,984,419	\$ 7,040,489	\$ 7,056,140
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%	613.74%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$1,925,839	\$2,419,368	\$3,981,177	\$3,155,687	\$2,386,644	\$2,379,820	\$2,692,989
Contributions in relation to the contractually required contribution	(613,712)	(904,010)	(1,201,443)	(1,681,149)	(1,293,028)	(1,442,517)	(1,924,048)
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>	<u>\$ 768,941</u>
District's covered employee payroll	\$6,724,784	\$6,604,240	\$6,793,820	\$6,984,419	\$7,040,489	\$7,056,140	\$7,005,158
Contributions as a percentage of covered employee payroll	28.64%	36.63%	58.60%	45.18%	33.90%	33.73%	38.44%

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 THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 1,264,188	\$ 1,048,075	\$ 941,188
Interest Cost	1,014,047	1,173,806	1,069,273
Differences between Expected and Actual Experience	(4,148,799)	(3,495,423)	(4,829,278)
Changes in Assumptions	27,365	(3,100,045)	355,456
Member Contributions	(743,167)	24,966	21,693
Gross Benefit Payments		(722,357)	(731,816)
Net Change in Total OPEB Liability	(2,586,366)	(5,070,978)	(3,173,484)
Total OPEB Liability - Beginning	34,671,805	32,085,439	27,014,461
Total OPEB Liability - Ending	<u>\$ 32,085,439</u>	<u>\$ 27,014,461</u>	<u>\$ 23,840,977</u>
District's Covered Employee Payroll *	\$ 7,596,939	\$ 7,753,347	\$ 7,938,936
Total OPEB Liability as a Percentage of Covered Employee Payroll	422%	348%	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, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

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, 2021

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 17,080,405		\$ 17,080,405	\$ 17,080,405	
Tuition From Individuals	142,500		142,500	29,500	\$ (113,000)
Transportation Fees From Individuals	57,000		57,000	16,640	(40,360)
Rents and Royalties	27,000		27,000	8,595	(18,405)
Unrestricted Miscellaneous Revenues	57,012		57,012	183,641	126,629
Interest Earned on Maintenance Reserve	50		50	50	
Interest Earned on Capital Reserve Funds	100		100	100	
Total Revenues from Local Sources	<u>17,364,067</u>		<u>17,364,067</u>	<u>17,318,931</u>	<u>(45,136)</u>
Revenues from State Sources:					
Categorical Transportation Aid	171,428		171,428	171,428	
Categorical Special Education Aid	712,422	\$ (74,773)	637,649	637,649	
Categorical Security Aid	13,945		13,945	13,945	
Extraordinary Aid				397,384	397,384
Nonpublic School Transportation Aid				22,620	22,620
TPAF Post Retirement Medical Contributions (Non-Budgeted)				614,439	614,439
TPAF Pension Contributions (Non-Budgeted)				1,924,048	1,924,048
TPAF Non-Contributory Insurance (Non-Budgeted)				36,608	36,608
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,213	1,213
Reimbursed TPAF Social Security Contributions				506,178	506,178
Total Revenues from State Sources	<u>897,795</u>	<u>(74,773)</u>	<u>823,022</u>	<u>4,325,512</u>	<u>3,502,490</u>
TOTAL REVENUE	<u>\$ 18,261,862</u>	<u>\$ (74,773)</u>	<u>\$ 18,187,089</u>	<u>\$ 21,644,443</u>	<u>\$ 3,457,354</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	\$ 362,333	\$ 43,001	\$ 405,334	\$ 404,334	\$ 1,000
Grades 1-5 - Salaries of Teachers	2,425,455	40,334	2,465,789	2,407,889	57,900
Grades 6-8 - Salaries of Teachers	1,510,905	11,099	1,522,004	1,459,606	62,398
Regular Programs - Home Instruction					
Salaries of Teachers	12,000		12,000		12,000
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	47,382	3,990	51,372	48,467	2,905
Other Purchased Services (400-500 series)	130,975	(100)	130,875	110,576	20,299
General Supplies	413,418	(63,210)	350,208	301,199	49,009
Textbooks	3,610	(1,775)	1,835		1,835
Other Objects	8,000	10	8,010	8,009	1
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,914,078	33,349	4,947,427	4,740,080	207,347
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	59,220	(59,220)			
General Supplies	2,050	(2,050)			
Textbooks	535	(535)			
Total Learning and/or Language Disabilities	61,805	(61,805)			
Behavioral Disabilities:					
Salaries of Teachers	72,885	(72,885)			
General Supplies	2,500	(2,500)			
Textbooks	500	(500)			
Total Behavioral Disabilities	75,885	(75,885)			
Multiple Disabilities:					
General Supplies	604		604	598	6
Total Multiple Disabilities	604		604	598	6

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,069,901	\$ 19,466	\$ 1,089,367	\$ 1,009,398	\$ 79,969
General Supplies	18,000	(7,140)	10,860	9,621	1,239
Textbooks	650	5,500	6,150	5,564	586
Total Resource Room/Resource Center	1,088,551	17,826	1,106,377	1,024,583	81,794
Preschool Disabilities - Part-Time:					
Salaries of Teachers	213,145	2,198	215,343	214,534	809
General Supplies	5,200		5,200	587	4,613
Total Preschool Disabilities - Part-Time	218,345	2,198	220,543	215,121	5,422
Home Instruction:					
Salaries of Teachers	11,000		11,000	3	10,997
Total Home Instruction	11,000		11,000	3	10,997
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,456,190	(117,666)	1,338,524	1,240,305	98,219
Basic Skills/Remedial - Instruction					
Salaries of Teachers	192,157	(14,340)	177,817	175,735	2,082
General Supplies	900		900	98	802
Total Basic Skills/Remedial - Instruction	193,057	(14,340)	178,717	175,833	2,884
Bilingual Education - Instruction					
Salaries of Teachers	105,517		105,517	103,640	1,877
General Supplies	1,850		1,850		1,850
Total Bilingual Education - Instruction	107,367		107,367	103,640	3,727
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.					
Salaries	28,505	(3,355)	25,150	140	25,010
Purchased Services (300-500 series)	700		700		700
Supplies and Materials	500		500		500
Other Objects	1,570		1,570		1,570
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	31,275	(3,355)	27,920	140	27,780

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction					
Salaries		\$ 3,355	\$ 3,355	\$ 3,355	
Total School-Sponsored Athletics - Instruction		3,355	3,355	3,355	
TOTAL INSTRUCTION	\$ 6,701,967	(98,657)	6,603,310	6,263,353	\$ 339,957
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State-Special	240,675	(35,200)	205,475	163,881	41,594
Tuition to Priv. Sch. for the Handicap. W/I State	487,642		487,642	478,161	9,481
Total Undistributed Expenditures - Instruction	728,317	(35,200)	693,117	642,042	51,075
Undistributed Expenditures - Health Services					
Salaries	272,945	28,000	300,945	278,064	22,881
Purchased Professional and Technical Services	7,500		7,500	5,499	2,001
Supplies and Materials	6,245		6,245	5,694	551
Total Undist. Expenditures - Health Services	286,690	28,000	314,690	289,257	25,433
Undist. Expend. - Speech, OT, PT, Related Svcs					
Salaries	399,386	(8,008)	391,378	343,536	47,842
Purchased Professional - Educational Services	78,702	12,558	91,260	67,443	23,817
Supplies and Materials	3,000	(600)	2,400	2,112	288
Total Undist. Expend. - Speech, OT, PT, Related Svcs	481,088	3,950	485,038	413,091	71,947
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.					
Salaries	909,824	(31,000)	878,824	840,952	37,872
Purchased Professional - Educational Services	135,000	60,000	195,000	63,889	131,111
Supplies and Materials	7,500		7,500	1,871	5,629
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	1,052,324	29,000	1,081,324	906,712	174,612
Undist.Expend.-Guidance					
Salaries of Other Professional Staff	223,388	(15,000)	208,388	206,223	2,165
Other Purchased Prof. and Tech. Services	5,313		5,313	5,313	5,313
Other Purchased Services (400-500 series)	1,000		1,000	1,000	1,000
Supplies and Materials	400		400	400	400
Total Undist Expend. - Guidance	230,101	(15,000)	215,101	206,223	8,878

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team					
Salaries of Other Professional Staff	\$ 304,935	\$ (76,544)	\$ 228,391	\$ 217,633	\$ 10,758
Salaries of Secretarial and Clerical Assistants	66,716		66,716	64,082	2,634
Purchased Professional - Educational Services	117,956	73,545	191,501	144,536	46,965
Other Purchased Prof. and Tech. Services	12,000	183	12,183	12,183	
Other Purchased Services (400-500 series)	2,800		2,800		2,800
Supplies and Materials	7,293	2,816	10,109	10,053	56
Other Objects	500		500		500
Total Undist Expend. - Child Study Team	512,200		512,200	448,487	63,713
Undist. Expend.-Improv. of Inst. Serv.					
Salaries of Supervisors of Instruction	68,817	1,336	70,153	70,153	
Salaries of Other Professional Staff	2,800		2,800		2,800
Salaries of Secretarial and Clerical Assistants	29,829	(1)	29,828	29,529	299
Other Salaries	5,900	(5,900)			
Supplies and Materials		12,150	12,150	12,147	3
Total Undist. Expend.-Improv. of Inst. Serv.	107,346	7,585	114,931	111,829	3,102
Undist. Expend.-Edu. Media Serv./Sch. Library					
Salaries	200,466	3,500	203,966	202,101	1,865
Salaries of Technology Coordinators	100,345	1,001	101,346	101,346	
Purchased Professional and Technical Services	77,335	34,865	112,200	109,564	2,636
Other Purchased Services (400-500 series)	600		600	121	479
Supplies and Materials	35,949	(8,331)	27,618	15,858	11,760
Other Objects	500		500	360	140
Total Undist Expend-Edu. Media Serv./Sch. Library	415,195	31,035	446,230	429,350	16,880
Undist.Expend.-Instructional Staff Training Services					
Purchased Professional - Educational Service	500		500		500
Other Purchased Prof. And Tech. Services	1,000		1,000	488	512
Other Purchased Services (400-500 series)	10,060		10,060	26	10,034
Supplies and Materials	300		300		300
Total Undist.Expend.-Instructional Staff Training Services	11,860		11,860	514	11,346

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.					
Salaries	\$ 251,151	\$ (11,650)	\$ 239,501	\$ 221,325	\$ 18,176
Salaries-Governance Staff (BOE Direct Reports only)	4,200		4,200	4,150	50
Legal Services	73,000	9,000	82,000	80,498	1,502
Audit Fees	65,000		65,000	64,960	40
Architectural/Engineering Services	12,000	2,650	14,650	14,625	25
Other Purchased Professional Services	350	11,650	12,000	6,475	5,525
Communications / Telephone	60,026	(8,325)	51,701	43,054	8,647
BOE Other Purchased Services	3,650		3,650	149	3,501
Other Purch. Serv. (400-500 series other than 530 & 585)	4,670		4,670	1,417	3,253
General Supplies	2,850		2,850	2,315	535
Miscellaneous Expenditures	6,700	(75)	6,625	2,690	3,935
BOE Membership Dues and Fees	8,000		8,000	7,634	366
Total Undist. Expend.-Support Serv.-Gen. Admin.	491,597	3,250	494,847	449,292	45,555
Undist. Expend.-Support Serv.-School Admin.					
Salaries of Principals/Assistant Principals/Prog Director	349,519	21,606	371,125	371,125	
Salaries of Secretarial and Clerical Assistants	225,143	1,579	226,722	225,867	855
Other Purchased Services (400-500 series)	5,300	1,232	6,532	2,726	3,806
Supplies and Materials	3,700	488	4,188	1,004	3,184
Other Objects	4,800		4,800	3,558	1,242
Total Undist. Expend.-Support Serv.-School Adm.	588,462	24,905	613,367	604,280	9,087
Undist. Expend. - Central Services					
Salaries	329,642	(16,934)	312,708	311,863	845
Unused Vacation Payment to Terminated/Retired Staff		7,787	7,787	7,787	
Purchased Professional Services	32,245	2,000	34,245	33,089	1,156
Purchased Technical Services	12,226		12,226	11,828	398
Miscellaneous Purchased Services (400-500 series other than 594)	3,500	(138)	3,362	3,104	258
Supplies and Materials	3,100	1,500	4,600	4,168	432
Other Objects	4,000	(1,630)	2,370	2,370	
Total Undist. Expend. - Central Services	384,713	(7,415)	377,298	374,209	3,089

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology					
Salaries	\$ 31,486		\$ 31,486	\$ 30,236	\$ 1,250
Purchased Technical Services	500		500		500
Other Purchased Services (400-500 series)	800		800		800
Supplies and Materials	1,000	\$ 730	1,730	1,551	179
Other Objects	400		400		400
Total Undist. Expend. - Admin. Info. Technology	<u>34,186</u>	<u>730</u>	<u>34,916</u>	<u>31,787</u>	<u>3,129</u>
Undist. Expend.-Required Maintenance for School Facilities					
Cleaning, Repair, and Maintenance Services	349,674	11,299	360,973	314,056	46,917
General Supplies	140,923		140,923	72,728	68,195
Other Objects	500		500	125	375
Total Undist. Expend.- Required Maint. for School Facilities	<u>491,097</u>	<u>11,299</u>	<u>502,396</u>	<u>386,909</u>	<u>115,487</u>
Undist. Expend.-Custodial Services					
Salaries	16,200	56,041	72,241	65,073	7,168
Purchased Professional and Technical Services	1,067,296	(64,946)	1,002,350	959,261	43,089
Cleaning, Repair, and Maintenance Services	27,500		27,500	14,226	13,274
Other Purchased Property Services	26,050		26,050	25,200	850
Insurance	119,953	12,000	131,953	128,851	3,102
Miscellaneous Purchased Services	21,000		21,000		21,000
General Supplies	58,547		58,547	46,037	12,510
Energy (Natural Gas)	95,000		95,000	45,865	49,135
Energy (Electricity)	286,000		286,000	240,000	46,000
Energy (Gasoline)	7,200		7,200	4,964	2,236
Total Undist. Expend.-Custodial Services	<u>1,724,746</u>	<u>3,095</u>	<u>1,727,841</u>	<u>1,529,477</u>	<u>198,364</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds					
Purchased Professional and Technical Services	\$ 8,800		\$ 8,800	\$ 1,859	\$ 6,941
Cleaning, Repair, and Maintenance Services	12,500	1,299	13,799	529	13,270
General Supplies	22,250	4,476	26,726	17,555	9,171
TOTAL CARE AND UPKEEP OF GROUNDS	43,550	5,775	49,325	19,943	29,382
Security					
Salaries	8,600	(6,840)	1,760		1,760
Cleaning, Repair, and Maintenance Services	5,500	(3,000)	2,500		2,500
General Supplies	6,200	4,340	10,540		10,540
TOTAL SECURITY	20,300	(5,500)	14,800		14,800
Total Undist. Expend.-Oper. and Maint. of Plant Serv.	2,279,693	14,669	2,294,362	1,936,329	358,033
Undist. Expend.-Student Transportation Serv.					
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.		20,333	20,333	20,333	
Other Purchased Professional and Technical Services	4,750		4,750	4,350	400
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	75,000	15,000	90,000	65,346	24,654
Contract. Serv. (Bet. Home & Sch.)-Vendors	549,076	(500)	548,576	523,423	25,153
Contract. Serv. (Oth. than Bet. Home & Sch.)-Vend.	2,500		2,500	738	1,762
Contract. Serv. (Spl. Ed. Students)-Joint Agrmnts	745,674	(160,227)	585,447	259,552	325,895
Misc. Purchased Serv. - Transportation	10,000		10,000		10,000
Total Undist. Expend.-Student Trans. Serv.	1,387,000	(125,394)	1,261,606	873,742	387,864

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Group Insurance	\$ 32,000		\$ 32,000	\$ 27,630	\$ 4,370
Social Security Contributions	200,492		200,492	182,382	18,110
T.P.A.F. Contributions - ERIP	100		100		100
Other Retirement Contributions - PERS	188,000	\$ (10,500)	177,500	135,649	41,851
Workers Compensation	74,414	(12,000)	62,414	61,629	785
Health Benefits	2,447,150	(78,196)	2,368,954	2,006,880	362,074
Tuition Reimbursement	48,000		48,000	21,663	26,337
Other Employee Benefits	99,000		99,000	56,589	42,411
Unused Sick Payment to Terminated/Retired Staff	35,000	78,196	113,196	113,196	
TOTAL UNALLOCATED BENEFITS	3,124,156	(22,500)	3,101,656	2,605,618	496,038
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Medical Contributions (Non-Budgeted)				614,439	(614,439)
TPAF Pension Contributions (Non-Budgeted)				1,924,048	(1,924,048)
TPAF Non-Contributory Insurance (Non-Budgeted)				36,608	(36,608)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,213	(1,213)
Reimbursed TPAF Social Security Contributions				506,178	(506,178)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				3,082,486	(3,082,486)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,124,156	(22,500)	3,101,656	5,688,104	(2,586,448)
TOTAL UNDISTRIBUTED EXPENDITURES	12,114,928	(62,385)	12,052,543	13,405,248	(1,352,705)
TOTAL GENERAL CURRENT EXPENSE	18,816,895	(161,042)	18,655,853	19,668,601	(1,012,748)
CAPITAL OUTLAY					
EQUIPMENT					
Grades 1-5		15,574	15,574	13,952	1,622
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.		65,818	65,818	31,957	33,861
Undist. Expend. - Care and Upkeep of Grounds		10,000	10,000	9,995	5
TOTAL EQUIPMENT		91,392	91,392	55,904	35,488

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Facilities Acquisition and Construction Services					
Architectural/Engineering Services					
Assessment for Debt Service on SDA Funding	\$ 33,181	\$ 69,650	\$ 69,650	\$ 69,650	
Total Facilities Acquisition and Construction Services	33,181	69,650	102,831	33,181	
TOTAL CAPITAL OUTLAY	33,181	161,042	194,223	158,735	\$ 35,488
Transfer of Funds to Charter Schools	128,328		128,328	127,846	482
Total Transfer of Funds to Charter Schools	128,328		128,328	127,846	482
TOTAL EXPENDITURES	18,978,404		18,978,404	19,955,182	(976,778)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(716,542)	(74,773)	(791,315)	1,689,261	2,480,576
Fund Balance, July 1 (Restated)	4,215,613		4,215,613	4,215,613	
Fund Balance, June 30	\$ 3,499,071	\$ (74,773)	\$ 3,424,298	\$ 5,904,874	\$ 2,480,576
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 3,236,364	
Maintenance Reserve				830,076	
Emergency Reserve				250,000	
Unemployment Compensation				198,801	
Assigned Fund Balance:					
Year End Encumbrances				96,894	
Designated for Subsequent Year's Expenditures				260,000	
Unassigned Fund Balance				1,032,739	
				5,904,874	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(72,685)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,832,189	

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$218,988	\$298,451	\$517,439	\$342,777	\$(174,662)
State Sources	24,709	11,559	36,268	31,067	(5,201)
Local Sources		38,717	38,717	35,861	(2,856)
Total Revenues	<u>243,697</u>	<u>348,727</u>	<u>592,424</u>	<u>409,705</u>	<u>(182,719)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	22,483	27,035	49,518	12,909	36,609
Purchased Professional - Educational Services		15,701	15,701	4,200	11,501
Tuition	176,745	74,203	250,948	250,948	
Other Purchased Services	800	8,571	9,371	4,268	5,103
General Supplies	14,110	70,463	84,573	65,303	19,270
Textbooks	3,205	2,354	5,559	5,559	
Total Instruction	<u>217,343</u>	<u>198,327</u>	<u>415,670</u>	<u>343,187</u>	<u>72,483</u>
Support Services:					
Salaries of Other Professional Staff	2,189	(646)	1,543	1,543	
Personal Services - Employee Benefits	6,017	(2,229)	3,788		3,788
Purchased Professional - Educational Services	5,898	75,288	81,186	9,282	71,904
Other Purchased Services	12,250	11,491	23,741	5,835	17,906
Supplies and Materials		42,963	42,963	26,325	16,638
Student Activities		28,382	28,382	28,382	
Total Support Services	<u>26,354</u>	<u>155,249</u>	<u>181,603</u>	<u>71,367</u>	<u>110,236</u>
Total Expenditures	<u>243,697</u>	<u>353,576</u>	<u>597,273</u>	<u>414,554</u>	<u>182,719</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ (4,849)</u>	<u>\$ (4,849)</u>	<u>\$ (4,849)</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, 2021

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	\$ 21,644,443	\$ 409,705
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.		(11,189)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	70,661	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(72,685)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 21,642,419	\$ 398,516
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,955,182	\$ 414,554
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.		(11,189)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,955,182	\$ 403,365

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, 2021 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 except for student activities. 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, 2021

	Every Student Succeeds Act		Nonpublic Handicapped		Nonpublic Security	
	Title I	Title II, Part A	Title IV	Supplemental Instruction		Exam and Classification
REVENUE:						
Local Sources						
State Sources	\$ 21,709	\$ 10,103	\$ 6,229	\$ 243	\$ 1,300	\$ 5,559
Federal Sources						
Total Revenue	21,709	10,103	6,229	243	1,300	5,559
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional Educational Services			4,200			
Tuition						
Other Purchased Services		4,268				
General Supplies	21,709					14,683
Textbooks						5,559
Total Instruction	21,709	4,268	4,200			14,683
Support Services:						
Salaries of Other Professional Staff				243	1,300	
Purchased Professional Educational Services						
Other Purchased Professional Services		5,835				
Supplies and Materials			2,029			
Student Activities						
Total Support Services		5,835	2,029	243	1,300	
Total Expenditures	\$ 21,709	\$ 10,103	\$ 6,229	\$ 243	\$ 1,300	\$ 5,559
						\$ 14,683

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	IDEA Part B		CARES		CARES ESSER II	Coronavirus	Coronavirus	Coronavirus
	Basic	Preschool	Emergency Relief I	Emergency Relief Fund		Emergency Relief Technology	Emergency Relief Technology	Nonpublic Nursing
REVENUE:								
Local Sources								
State Sources								
Federal Sources	\$ 239,135	\$ 11,813	\$ 14,192	\$ 12,909	\$ 12,909	\$ 3,601	\$ 3,601	\$ 9,282
Total Revenue	239,135	11,813	14,192	12,909	12,909	3,601	3,601	9,282
EXPENDITURES:								
Instruction:								
Salaries of Teachers				12,909				
Purchased Professional Educational Services								
Tuition	239,135	11,813						
Other Purchased Services								
General Supplies			12,982				3,601	
Textbooks								
Total Instruction	239,135	11,813	12,982	12,909	12,909	3,601	3,601	
Support Services:								
Salaries of Other Professional Staff								9,282
Purchased Professional Educational Services								
Other Purchased Professional Services			1,210				23,086	
Supplies and Materials								
Student Activities								
Total Support Services			1,210				23,086	9,282
Total Expenditures	\$ 239,135	\$ 11,813	\$ 14,192	\$ 12,909	\$ 12,909	\$ 3,601	\$ 3,601	\$ 9,282

LONG HILL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Student Activities	Local Grants	Totals
REVENUE:			
Local Sources	\$ 23,533	\$ 12,328	\$ 35,861
State Sources			31,067
Federal Sources			342,777
Total Revenue	23,533	12,328	409,705
EXPENDITURES:			
Instruction:			
Salaries of Teachers			12,909
Purchased Professional Educational Services			4,200
Tuition			250,948
Other Purchased Services			4,268
General Supplies		12,328	65,303
Textbooks			5,559
Total Instruction		12,328	343,187
Support Services:			
Salaries of Other Professional Staff			1,543
Purchased Professional Educational Services			9,282
Other Purchased Professional Services			5,835
Supplies and Materials			26,325
Student Activities	28,382		28,382
Total Support Services	28,382		71,367
Total Expenditures	\$ 28,382	\$ 12,328	\$ 414,554

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Milk Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 7,991
Total Current Assets	7,991
Non-Current Assets:	
Capital Assets	9,781
Less: Accumulated Depreciation	(652)
Total Non-Current Assets	9,129
Total Assets	17,120
NET POSITION:	
Investment in Capital Assets	9,129
Unrestricted	7,991
Total Net Position	\$ 17,120

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Milk Service
Operating Expenses:	
Depreciation	\$ 652
Miscellaneous Expenses	373
	1,025
Total Operating Expenses	1,025
Operating (Loss)	(1,025)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	5
	5
Total Non-Operating Revenue	5
Change in Net Position	(1,020)
Net Position - Beginning of Year	18,140
Net Positon - End of Year	\$ 17,120

LONG HILL TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Milk Service</u>
Cash Flows from Operating Activities:	
Miscellaneous Expenses	\$ (373)
Net Cash (Used for) Operating Activities	(373)
Cash Flows from Investing Activities:	
Interest Revenue	5
Net Cash Provided by Investing Activities	5
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(9,781)
Net Cash (Used for) Capital and Related Financing Activities	(9,781)
Net Decrease in Cash and Cash Equivalents	(10,149)
Cash and Cash Equivalents, July 1	18,140
Cash and Cash Equivalents, June 30	\$ 7,991
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (1,025)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:	
Depreciation	652
Net Cash (Used for) Operating Activities	\$ (373)

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2020	Retired or Matured	Balance June 30, 2021
			Date	Amount				
School Bonds of 2012	03/16/12	\$ 9,880,000	01/15/22	\$ 675,000	4.00%	\$ 6,835,000	\$ 645,000	\$ 6,190,000
			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	01/15/22	175,000	2.25%	709,000	170,000	539,000
			01/15/23	180,000	2.50%			
			01/15/24	184,000	2.50%			
						<u>\$ 7,544,000</u>	<u>\$ 815,000</u>	<u>\$ 6,729,000</u>

LONG HILL TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOT APPLICABLE

LONG HILL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,104,838		\$ 1,104,838	\$ 1,104,838	
Total Revenues	1,104,838		1,104,838	1,104,838	
EXPENDITURES:					
Regular Debt Service:					
Interest	289,838		289,838	289,838	
Redemption of Principal	815,000		815,000	815,000	
Total Regular Debt Service	1,104,838		1,104,838	1,104,838	
Total Expenditures	1,104,838		1,104,838	1,104,838	
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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 *	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 14,955,113	\$ 14,959,257	\$ 15,250,351	\$ 14,727,502
Restricted	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654	2,294,952	2,594,952	2,493,408	3,239,374	4,554,307
Unrestricted/(Deficit)	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)	(2,626,723)
Total Governmental Activities Net Position	\$ 21,623,663	\$ 22,607,875	\$ 22,451,340	\$ 23,200,451	\$ 23,672,734	\$ 23,079,849	\$ 14,351,756	\$ 13,693,386	\$ 15,140,988	\$ 16,655,086
Business-Type Activities										
Net Investment in Capital Assets	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063	\$ 11,965	\$ 17,544	\$ 21,529	\$ 18,140	\$ 9,129
Unrestricted										7,991
Total Business-Type Activities Net Position	\$ 21,499	\$ 23,641	\$ 33,336	\$ 40,622	\$ 38,063	\$ 11,965	\$ 17,544	\$ 21,529	\$ 18,140	\$ 17,120
District-Wide:										
Net Investment in Capital Assets	\$ 20,049,872	\$ 20,881,684	\$ 22,285,634	\$ 21,681,875	\$ 23,496,715	\$ 23,902,254	\$ 14,955,113	\$ 14,959,257	\$ 15,250,351	\$ 14,736,631
Restricted	1,351,525	1,515,827	1,514,987	3,795,434	2,199,654	2,294,952	2,594,952	2,493,408	3,239,374	4,554,307
Unrestricted/(Deficit)	243,765	234,005	(1,315,945)	(2,236,236)	(1,985,572)	(3,105,392)	(3,180,765)	(3,737,750)	(3,330,597)	(2,618,732)
Total District Net Position	\$ 21,645,162	\$ 22,631,516	\$ 22,484,676	\$ 23,241,073	\$ 23,710,797	\$ 23,091,814	\$ 14,369,300	\$ 13,714,915	\$ 15,159,128	\$ 16,672,206

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 8,621,366
Special Education	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	2,803,449
Other Special Instruction								525,691	529,268	403,204
Other Instruction	19,579	14,067	47,017	38,359	38,359	49,075	111,411	105,750	15,845	104,686
Support Services:										
Tuition	662,714	517,792	373,716	451,199	603,911	549,914	475,166	230,733	331,057	642,042
Student & Instruction Related Services	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	3,870,577
General Administrative Services	1,086,748	853,858	899,858	916,395	1,302,615	1,287,909	1,282,001	541,273	520,306	559,078
School Administrative Services	836,833	776,974	841,903	865,078	1,217,675	1,399,585	1,317,464	979,863	986,664	1,030,071
Central Services						409,843		409,843	536,932	489,033
Administrative Information Technology						215,064		215,064	58,552	43,771
Plant Operations And Maintenance	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	2,178,714
Pupil Transportation	906,443	880,259	725,505	776,862	808,295	881,120	967,197	1,114,226	718,168	879,009
Capital Outlay								33,181		80,323
Transfer to Charter School		38,307	55,637	58,986	27,683	71,967	113,378	124,809	113,056	127,846
Interest On Long-Term Debt	502,399	477,568	451,154	443,059	422,579	403,199	382,997	326,243	331,814	303,210
Total Governmental Activities Expenses	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	22,136,379
Business-Type Activities										
Milk Service Fund	18,229	21,968	14,103	15,239	22,443	41,983	10,785	8,131	16,805	1,025
Total Business Type Activities	18,229	21,968	14,103	15,239	22,443	41,983	10,785	8,131	16,805	1,025
Total District Expenses	\$ 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	\$ 22,137,404
Program Revenues:										
Governmental Activities:										
Charges For Services:										
Operating Grants and Contributions	\$ 283,327	\$ 284,780	\$ 177,193	\$ 167,115	\$ 106,595	\$ 107,630	\$ 200,200	\$ 197,611	\$ 108,734	\$ 61,628
Capital Grants and Contributions	341,490	344,643	318,106	298,591	298,315	241,757	268,502	5,074,129	4,722,664	5,219,815
Total Governmental Activities Program Revenues	624,817	629,423	495,299	465,706	404,910	349,387	468,702	5,271,740	4,831,398	5,281,443
Business-Type Activities:										
Charges For Services:										
Milk Service	18,563	15,899	15,520	13,829	12,293	9,999	9,845	7,780	9,921	
Operating Grants and Contributions	10,112	8,204	8,266	8,685	7,580	5,879	6,497	4,160	3,323	
Total Business Type Activities Program Revenues	28,675	24,103	23,786	22,514	19,873	15,878	16,342	11,940	13,244	
Total District Program Revenues	\$ 653,492	\$ 653,526	\$ 519,085	\$ 488,220	\$ 424,783	\$ 365,265	\$ 485,044	\$ 5,283,680	\$ 4,844,642	\$ 5,281,443

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (16,854,936)
Business-Type Activities	10,446	2,135	9,683	7,275	(2,570)	(26,105)	5,557	3,809	(3,561)	(1,025)
Total District-Wide Net Expense	\$ (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)	\$ (16,855,961)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	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	17,080,405
Taxes Levied for Debt Service	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	1,104,838
Unrestricted Grants & Contributions	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	3,539	2,864	2,197	2,227	2,025		6,644			
Gain On Sale of Capital Assets	3,648		300							
Insurance Claim Proceeds from Storm Damage		24,376	85,328							
Transfers			(50,000)							
Miscellaneous Income	115,346	49,650	64,432	46,120	75,041	116,009	174,898	66,015	197,592	183,791
Total Governmental Activities	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	18,369,034
Business-Type Activities:										
Interest and Miscellaneous Income	8	7	12	11	11	7	22	176	172	5
Total Business-Type Activities	8	7	12	11	11	7	22	176	172	5
Total District-Wide	\$ 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	\$ 18,369,039
Change in Net Position:										
Governmental Activities	512,855	984,212	2,603,797	749,111	472,283	(592,885)	137,229	(658,370)	1,218,951	1,514,098
Business-Type Activities	10,454	2,142	9,695	7,286	(2,559)	(26,098)	5,579	3,985	(3,389)	(1,020)
Total District	\$ 523,309	\$ 986,354	\$ 2,613,492	\$ 756,397	\$ 469,724	\$ (618,983)	\$ 142,808	\$ (654,385)	\$ 1,215,562	\$ 1,513,078

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020*	2021
General Fund:										
Restricted	\$ 1,685,320	\$ 2,061,504	\$ 2,001,935	\$ 2,384,266	\$ 2,398,577	\$ 2,560,694	\$ 2,853,549	\$ 2,493,406	\$ 3,195,459	\$ 4,515,241
Committed	191,599	72,892	116,301	209,792	429,087	145,377	97,506			
Assigned	137,703							73,899	531,465	356,894
Unassigned	400,328	414,508	410,155	391,407	351,443	491,039	470,182	414,793	418,028	960,054
Total General Fund	\$ 2,414,950	\$ 2,548,904	\$ 2,528,391	\$ 2,985,465	\$ 3,179,107	\$ 3,197,110	\$ 3,421,237	\$ 2,982,098	\$ 4,144,952	\$ 5,832,189
All Other Governmental Funds:										
Restricted, Reported In:										
Special Revenue Fund			\$ 166,192	\$ 1,976,741	\$ 355,643	\$ 301,939	\$ 301,939		\$ 43,913	\$ 39,064
Capital Projects Fund										
Assigned, Reported In:										
Debt Service Fund	\$ 2,206	\$ 48,008		998	998			\$ 2	2	2
Total All Other Governmental Funds	\$ 2,206	\$ 48,008	\$ 166,192	\$ 1,977,739	\$ 356,641	\$ 301,939	\$ 301,939	\$ 2	\$ 43,915	\$ 39,066
Total Governmental Funds:										
Restricted	\$ 1,685,320	\$ 2,061,504	\$ 2,168,127	\$ 4,361,007	\$ 2,754,220	\$ 2,862,633	\$ 3,155,488	\$ 2,493,406	\$ 3,239,372	\$ 4,554,305
Committed	191,599	72,892	116,301	209,792	429,087	145,377	97,506			
Assigned	139,909	48,008		998	998			73,901	531,467	356,896
Unassigned	400,328	414,508	410,155	391,407	351,443	491,039	470,182	414,793	418,028	960,054
Total Governmental Funds	\$ 2,417,156	\$ 2,596,912	\$ 2,694,583	\$ 4,963,204	\$ 3,535,748	\$ 3,499,049	\$ 3,723,176	\$ 2,982,100	\$ 4,188,867	\$ 5,871,255

* - Restated

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 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	\$ 18,185,243
Tuition	202,359	205,543	51,596	88,884	40,601	42,750	130,550	165,475	81,814	29,500
Transportation Fees from Individuals								32,136	26,920	8,595
Rents and Royalties	3,539	2,864	2,197	2,227	2,025	1,840	6,644	500	150	150
Interest Earnings	206,474	132,733	151,401	124,351	141,038	179,049	244,548	105,399	237,886	221,159
Miscellaneous	1,848,135	2,275,509	3,383,402	2,203,144	2,450,018	2,766,072	2,974,843	3,215,885	3,604,331	4,341,709
State Sources	296,042	269,779	244,615	249,041	249,383	240,192	267,188	258,790	292,311	342,777
Federal Sources										
Total Revenue	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	23,145,773
Expenditures:										
Instruction:										
Regular Instruction	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	4,864,115
Special Education Instruction	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	1,494,608
Other Special Instruction	203,969	208,972	211,538	212,585	244,369	269,665	234,671	246,212	256,596	175,833
Other Instruction	18,382	13,213	47,017		38,359	29,209	63,391	67,069	12,603	103,780
Support Services:										
Tuition	449,861	296,756	179,561	244,357	391,202	350,099	270,364	230,733	331,057	642,042
Student & Instruction Related Services	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	2,833,845
General Administrative Services	286,071	261,847	268,558	289,326	357,429	357,324	347,819	411,430	394,571	449,292
School Administrative Services	588,744	548,876	558,934	559,572	559,914	578,403	569,198	560,654	571,358	604,280
Central Services	275,714	258,082	271,710	264,361	274,180	275,740	252,638	275,843	364,014	374,209
Administrative Information Technology	94,537	92,597	94,449	97,338	100,258	103,780	90,849	143,705	40,458	31,787
Plant Operations And Maintenance	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	1,936,329
Pupil Transportation	906,443	880,259	725,505	776,862	808,295	881,120	967,197	944,837	743,482	873,742
Allocated and Unallocated Benefits	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	5,688,104
Transfer to Charter Schools		38,307	55,637	58,986	27,683	71,967	113,378	124,809	113,056	127,846
Capital Outlay	8,539	613,553	670,182	273,247	134,505	423,030	59,431	628,145	899,970	158,735
Capital Projects			556,346	740,725	1,719,160	53,704				
Special Revenue Fund	341,490	344,643	318,106	298,591	298,315	241,757	268,502			
Debt Service:										
Principal	610,000	790,000	825,000	525,000	670,000	715,000	735,000	760,000	785,000	815,000
Interest And Other Charges	593,845	441,522	468,081	429,331	454,000	418,769	398,819	345,136	317,938	289,838
Total Expenditures	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	21,463,385

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	\$ 791,372	\$ 185,081	\$ 1,148,867	\$ (282,651)	\$ (1,427,456)	\$ (36,699)	\$ 224,127	\$ (741,076)	\$ 978,116	\$ 1,682,388
Other Financing Sources/(Uses):										
Capital Leases (Non-Budgeted)			750	1,464,000						
Capital Lease Purchase Agreement Proceeds		24,376	85,328							
Transfers In	(100,000)	29,701	(50,000)							
Transfers Out										
Total Other Financing Sources/(Uses)	(100,000)	54,077	36,078	1,464,000						
Net Change In Fund Balances	\$ 691,372	\$ 239,158	\$ 1,184,945	\$ 1,181,349	\$ (1,427,456)	\$ (36,699)	\$ 224,127	\$ (741,076)	\$ 978,116	\$ 1,682,388
Debt Service As A Percentage Of Noncapital Expenditures	7.16%	7.17%	7.46%	5.36%	5.73%	6.10%	5.85%	5.46%	5.62%	5.19%

Source: School District Financial Reports

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		Transportation Fees	Prior Year Refund	Other		Total
			Facilities				Miscellaneous		
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
2021	1,773	29,500	8,595		16,640	153,996	28,022		238,526

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 Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	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)
2011	\$ 19,059,600	\$ 1,139,562,700	#####	\$ 39,700	#####	#####	#####	\$ 1,287,772,300	\$ 124,822,000	#####	\$ 1,292,281,441	\$	\$ 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
2020	15,176,700	1,467,343,900	3,872,200	67,700	142,281,300	19,418,800	9,928,000	1,658,088,600	117,673,800	4,134,578	1,662,223,178	1.07	1,747,819,984

* 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	General Obligation Debt Service ^b	Total Direct	Regional School	Township of Long Hill	Morris County	
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
2020	1.00	0.06	1.07	0.43	0.65	0.27	2.42

* 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

	2021		2011		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Valley & Plainfield Associates LP		\$ 26,704,600	Valley & Plainfield Associates LLP	\$ 21,204,400	1.64 %
Stirling Center Associates		15,179,900	Stirling Center Associates	9,907,400	0.77 %
Stirling Manor		6,267,800	Verizon	4,509,141	0.35 %
Prism Millington LLC		4,238,600	Stirling Manor	4,000,000	0.31 %
Transcontinental Gas Pipeline Corp.		4,170,000	Transcontinental Gas Pipeline Corp.	3,764,500	0.29 %
Verizon		4,337,628	TIFA Realty Inc.	3,030,500	0.23 %
M&M Realty Management LLC		3,429,900	Millington Savings Bank	2,246,900	0.17 %
Parthenon C/O Walgreens		3,380,500	Jilrydan Inc.	2,312,300	0.18 %
Millington Savings Bank		3,000,700	RHK Partnership A.K. Stamping Inc	2,215,500	0.17 %
Jilrydan Inc.		2,739,900	Thermoplastic Processes/Ventures	2,197,400	0.17 %
Total		\$ 73,449,528	Total	\$ 55,388,041	4.29%

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	
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-
2021	18,185,243	18,185,243	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			
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	0.97%	988
2020	7,544,000		7,544,000	0.89%	900
2021	6,729,000		6,729,000	0.79%	803

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			
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%	900
2021	6,729,000		6,729,000	0.40%	803

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, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes			
Long Hill Township	\$ -0-	100.00%	\$ -0-
Watchung Hills Regional High School	26,268,000	21.49%	5,644,124
Morris County General Obligation Debt	250,902,245	1.83%	<u>4,583,468</u>
Subtotal, Overlapping Debt			10,227,593
Long Hill School District Direct Debt			<u>6,729,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 16,956,593</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
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
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	856,875,780	101,646	2.60%
2020	8,382	851,996,772 ***	101,646 *	6.90%
2021	8,382 **	851,996,772 ***	101,646 *	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest personal income data available (2020) 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

	2021		2012		Percentage of Total Employment
	Employer	Employees	Employer	Employees	
Atlantic Health System		7,642	Novartis	6,200	2.29%
US Army Armament R&D		6,000	Picatinny Arsenal	5,274	1.95%
Novartis		5,200	Atlantic Health System	5,013	1.85%
Bayer		3,483	United Parcel Service	2,332	0.86%
Barclays		2,560	County of Morris	1,928	0.71%
Automatic Data Processing, Inc.		2,400	ADP	1,924	0.71%
Accenture		1,826	Saint Claire's	1,841	0.68%
Honeywell		1,704	AT&T	1,550	0.57%
St. Clare's Health System		1,638	Chilton Memorial	1,440	0.53%
County of Morris		1,469	BASF Corporation	1,400	0.52%
Total		<u>33,922</u>		<u>28,902</u>	<u>10.69%</u>
Total County Labor Force		<u>252,588</u>		<u>270,282</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>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>	<u>2021</u>
Instruction:										
Regular	67.0	61.8	62.1	63.9	63.1	59.7	66.0	76.83	64.87	71.85
Special Education	24.8	26.4	28.0	27.6	29.2	37.0	26.7	37.56	40.06	36.55
Support Services:										
Administration	5.0	6.0	6.0	6.0	6.0	4.9	7.0	5.92	6.92	6.92
Secretarial	8.4	8.3	8.2	8.5	8.5	8.5	7.5	8.50	6.92	6.92
Other support services	16.00	16.00	17.20	15.30	16.85	14.00	14.00	5.32	10.10	5.00
Total	121.2	118.5	121.5	121.3	123.6	124.1	121.2	134.1	128.9	127.2

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				
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%
2021	810	16,676,467	20,588	-1.02%	87.9	1:9.4	1:11.1	801.4	786.4	-10.12%	98.13%

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<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	170.0	154.0	157.0	185.0	202.0	216.0	231.0	233.0	225.0	176.0
<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	359.0	368.0	347.0	333.0	322.0	360.0	348.0	363.0	396.0	366.0
<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	327.0	326.0	342.0	313.0	297.0	270.0	267.0	255.0	270.0	268.0

Number of Schools at June 30, 2021

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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gillette School	**	**	**	**	**	**	\$ 62,413	\$ 64,836	\$ 57,289	\$ 79,911
Millington School	**	**	**	**	**	**	117,741	112,075	108,074	150,752
Central School	**	**	**	**	**	**	122,032	189,571	112,013	156,246
	<u>\$ 306,453</u>	<u>\$ 270,943</u>	<u>\$ 203,694</u>	<u>\$ 221,618</u>	<u>\$ 218,847</u>	<u>\$ 306,938</u>	<u>\$ 302,186</u>	<u>\$ 366,482</u>	<u>\$ 277,376</u>	<u>\$ 386,909</u>

* 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:

LONG HILL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
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	\$ 34,605,176	\$ 5,000
	Systems Breakdown	\$ 50,000,000	\$ 5,000
	Commercial General Liability	\$ 2,000,000	
	Crime - Blanket Employee Dishonesty	\$ 500,000	\$ 5,000
	Excess Umbrella - Policy Limit	\$ 10,000,000	\$ 10,000
	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
	- SBLL & Employment Practices		\$15,000 - 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	
	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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Independent Member
BKR International

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2021.

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
November 5, 2021

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

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Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Long Hill Township School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2021. The District's major state program is 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 the District's major state program 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 the 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 its major state program for the fiscal year ended June 30, 2021.

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 the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

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

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

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

Mount Arlington, New Jersey
November 5, 2021

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, 2021

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, 2020 Accounts (Receivable)	Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Amount Provided to Subrecipients
			From	To					Accounts (Receivable)	Due to Grantor	
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	\$ (8,172)	\$ 8,216	\$ (44)			
Title I	84.010A	ESEA-4000-21	7/1/20	9/30/21	29,599	(8,172)	21,665	(21,665)			
Total Title I							29,881	(21,709)			
Title II A	84.367A	ESEA-4000-20	7/1/19	9/30/20	19,046	(1,187)	1,187				
Title II A	84.367A	ESEA-4000-21	7/1/20	9/30/21	19,362	(1,187)	9,753	(10,103)	\$ (350)		
Total Title II A							10,940	(10,103)	(350)		
Title IV	84.424	ESEA-4000-20	7/1/19	9/30/20	10,000	(533)	533				
Title IV	84.424	ESEA-4000-21	7/1/20	9/30/21	11,001	(533)	4,200	(6,229)	(2,029)		
Total Title IV							4,733	(6,229)	(2,029)		
Total Elementary and Secondary Education Act						(9,892)	45,554	(38,041)	(2,379)		
Special Education Cluster:											
I.D.E.A. Part B, Basic Regular	84.027	IDEA-4000-20	7/1/19	9/30/20	223,225	(32,822)	32,822				
I.D.E.A. Part B, Basic Regular	84.027	IDEA-4000-21	7/1/20	9/30/21	239,135	(32,822)	239,135	(239,135)			
Total I.D.E.A. Part B, Basic Regular							271,957	(239,135)			
I.D.E.A. Part B, Preschool	84.173	IDEA-4000-21	7/1/20	9/30/21	11,813		11,813	(11,813)			
Total Special Education Cluster						(32,822)	283,770	(250,948)			

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2021		Amount Provided to Subrecipients
			From	To				Accounts (Receivable)	Due to Grantor	
U.S. Department of Education -										
Passed-through State Department of Education:										
Education Stabilization Fund:										
COVID 19 - CARES Emergency Relief	84.425D	CARES400020	3/13/20	9/30/22	\$ 23,527	\$ 14,192	\$ (14,192)			
COVID 19 - CRRSA - ESSER II	84.425D	S425D210027	3/13/20	9/30/23	159,960		(12,909)	\$ (12,909)		
Total Education Stabilization Fund										
Total U.S. Department of Education						14,192	(27,101)	(12,909)		
U.S. Department of Treasury -										
Passed-through State Department of Education:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20	12/30/20	3,959	3,959	(3,601)	\$ 358		
Non-Public Technology						23,086	(23,086)			
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20	12/30/20	23,086					
Total U.S. Department of Treasury						27,045	(26,687)	358		
Total Special Revenue Fund						370,561	(342,777)	(15,288)	358	
TOTAL FEDERAL AWARDS						\$ 370,561	\$ (342,777)	\$ (15,288)	\$ 358	\$ -0-

N/A - Not Applicable/Available

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at July 1, 2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2021		MEMO	
		From	To		Budgetary (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Special Education Categorical Aid	21-495-034-5120-089	7/1/20	6/30/21	\$ 637,649			\$ 581,336	\$ (637,649)			\$ (56,313)	\$ 637,649	\$ 637,649
Categorical Security Aid	21-495-034-5120-084	7/1/20	6/30/21	13,945			12,713	(13,945)			(1,232)	13,945	13,945
Categorical Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	171,428			156,288	(171,428)			(15,140)	171,428	171,428
Extraordinary Special Education Costs Aid	21-495-034-5094-004	7/1/20	6/30/21	397,384				(397,384)		\$ (397,384)	(397,384)	397,384	397,384
Additional Non-Public Transportation Aid	21-495-034-5120-014	7/1/20	6/30/21	22,620				(22,620)		(22,620)	(22,620)	22,620	22,620
Reimbursed TPAF Social Security Contributions	21-495-034-5095-003	7/1/20	6/30/21	506,178			506,178	(506,178)				506,178	506,178
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	602,818			54,043					602,818	602,818
Categorical Security Aid	20-495-034-5120-084	7/1/19	6/30/20	13,945			1,250					13,945	13,945
Categorical Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	171,428			15,368					171,428	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
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19	6/30/20	511,289			25,468					511,289	511,289
On-Behalf TPAF Post Retirement Medical Contributions	21-495-034-5094-001	7/1/20	6/30/21	614,439			614,439	(614,439)				614,439	614,439
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20	6/30/21	1,924,048			1,924,048	(1,924,048)				1,924,048	1,924,048
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21	36,608			36,608	(36,608)				36,608	36,608
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21	1,213			1,213	(1,213)				1,213	1,213
Total General Fund State Aid							4,207,011	(4,325,512)			(420,004)	5,903,051	5,903,051
Special Revenue Fund:													
NJ Nonpublic Aid:													
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20	6/30/21	5,559			5,559	(5,559)				5,559	5,559
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20	6/30/21	9,282			9,282	(9,282)				9,282	9,282
Security Aid	21-495-034-5120-084	7/1/20	6/30/21	15,925			15,925	(14,683)		\$ 1,242		14,683	14,683
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	11,400			\$ 11,329		\$ (11,329)			71	71
Auxiliary Services (Chapter 192):													
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	3,245			418	(3,245)				418	418
English as a Second Language	20-100-034-5120-067	7/1/19	6/30/20	827			102	(827)				102	102
Handicapped Services (Chapter 193):													
Supplementary Instruction	21-100-034-5120-066	7/1/20	6/30/21	243			243	(243)				243	243
Examination and Classification	20-100-034-5120-066	7/1/19	6/30/20	2,600			332	(1)	(1)			2,599	2,599
Examination and Classification	21-100-034-5120-066	7/1/20	6/30/21	1,300			1,300	(1,300)				1,300	1,300
Total Special Revenue Fund							33,161	(31,067)			1,242	33,737	33,737
Total State Awards Subject to Single Audit Determination							\$ (375,040)	\$ (4,356,579)			\$ (420,004)	\$ 5,936,788	\$ 5,936,788
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20	6/30/21	(614,439)				614,439					
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20	6/30/21	(1,924,048)				1,924,048					
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004	7/1/20	6/30/21	(36,608)				36,608					
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004	7/1/20	6/30/21	(1,213)				1,213					
Subtotal - On-Behalf TPAF Pension System Contributions								2,576,308					
Total State Awards Subject to Single Audit Major Program Determination								\$ (1,780,271)					

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, 2021

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, 2021. 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, 2021

(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,024) for the General Fund, and (\$11,189) for the Special Revenue Fund (of which (\$1,657) 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		\$ 4,323,488	\$ 4,323,488
Special Revenue Fund	\$ 339,176	21,822	360,998
Total Financial Assistance	<u>\$ 339,176</u>	<u>\$ 4,345,310</u>	<u>\$ 4,684,486</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, 2021.

LONG HILL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 the major state program 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 program for the District expresses an unmodified opinion on the major state program.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 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 a major state program 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>
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20-6/30/21	\$ 506,178	\$ 506,178

- 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, 2021

(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, 2021

Status of Prior Year Findings:

The audit did not disclose any findings.