

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF HILLSDALE**

**Borough of Hillsdale School District  
Hillsdale, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**Borough of Hillsdale School District**

**Hillsdale, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Borough of Hillsdale School District  
Board of Education**

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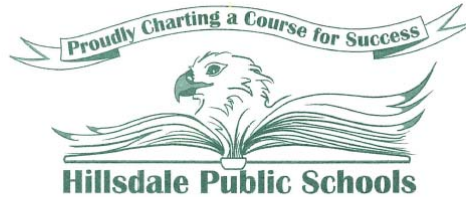
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**INTRODUCTORY SECTION  
(UNAUDITED)**



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HILLSDALE, NJ 07642  
201-664-4512  
Fax 201-664-9049

December 11, 2020

The Honorable President and Members of  
the Board of Education  
Borough of Hillsdale School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Hillsdale School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the 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, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the 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* ("Uniform Guidance") 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, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Borough of Hillsdale 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 Borough of Hillsdale 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, vocational as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with a daily enrollment of 1,104 students, which is a decrease of 36 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Hillsdale is almost fully developed and has not experienced nor does it expect to experience any significant growth in the immediate future.

School objectives were developed in concert with School Level Planning Committees and a wide range of student activities continued throughout the schools.

3) 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.

4) 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2020.

5) 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.



6) 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.

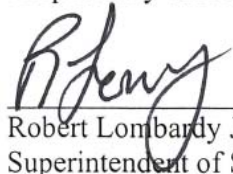
7) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

The Board is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in Note 10 to the Basic Financial Statements.

8) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet 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*. 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.

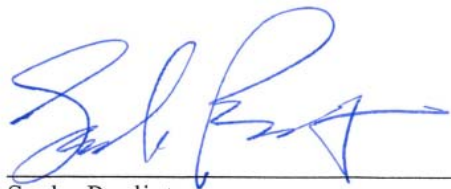
9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Hillsdale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance 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,



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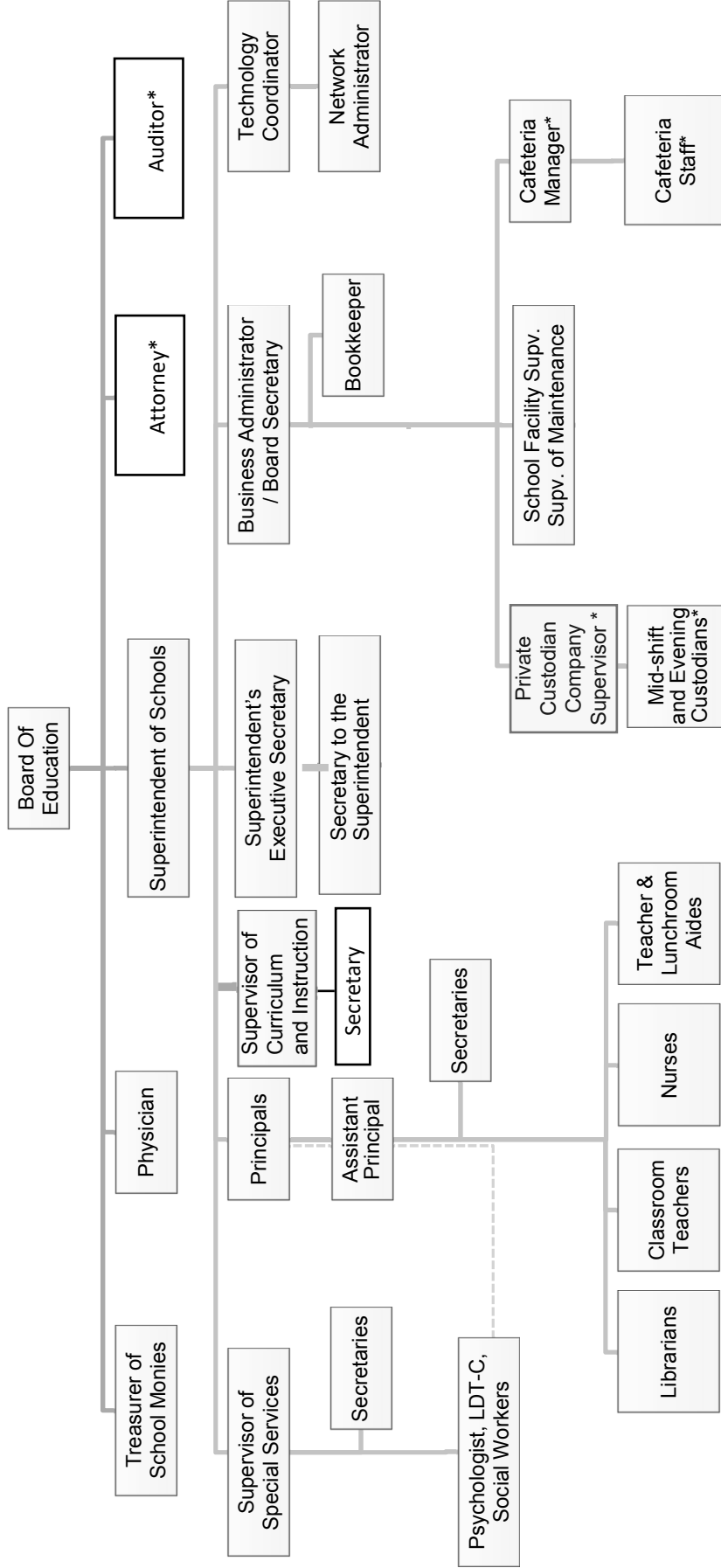
Robert Lombardy Jr. Ed. S  
Superintendent of Schools



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Sacha Pouliot  
Business Administrator/Board Secretary

# Organization Chart



\* Independent Contractor

**BOROUGH OF HILLSDALE SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kathleen E. O'Flynn , President (January 2019 - July 2019)	2021
Shane Svorec, President (August 2019 - Present)	2021
Shane Svorec, Vice President (January 2019 - July 2019)	2021
Salvatore Sileo, Vice President (August 2019 - Present)	2022
Christina Jennings	2020
Nicole Klas	2020
Justin Saxon (February 2020 - Present)	2020

<u>Other Officials</u>	<u>Title</u>
Robert V. Lombardy Jr., Ed.S.	Superintendent of Schools
Lirca R. Garcia	Board Secretary/School Business Administrator to 12/31/2019
Sacha Pouliot	Board Secretary/School Business Administrator from 01/01/2020
Kelly Ippolito	Treasurer of School Monies

**BOROUGH OF HILLSDALE SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856

**Official Depositories**

Capital One  
Paramus Office  
Paramus, NJ 07652

State of New Jersey Cash Management Fund  
Division of Investment  
Department of the Treasury  
Trenton, NJ 08625

**FINANCIAL SECTION**

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Borough of Hillsdale School District  
County of Bergen, 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 Borough of Hillsdale School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefit 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 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  
Borough of Hillsdale 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 December 11, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
December 11, 2020

NISIVOCIA LLP

*Francis Jones of Nisivoccia LLP*  
Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant



**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF HILLSDALE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Certain comparative information between the current year (2019-2020) and the prior year (2018-2019) is required to be presented in the MD&A.

**Overview of the Financial Statements**

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

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

The 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 Board of Education of the Borough of Hillsdale’s Financial Report**

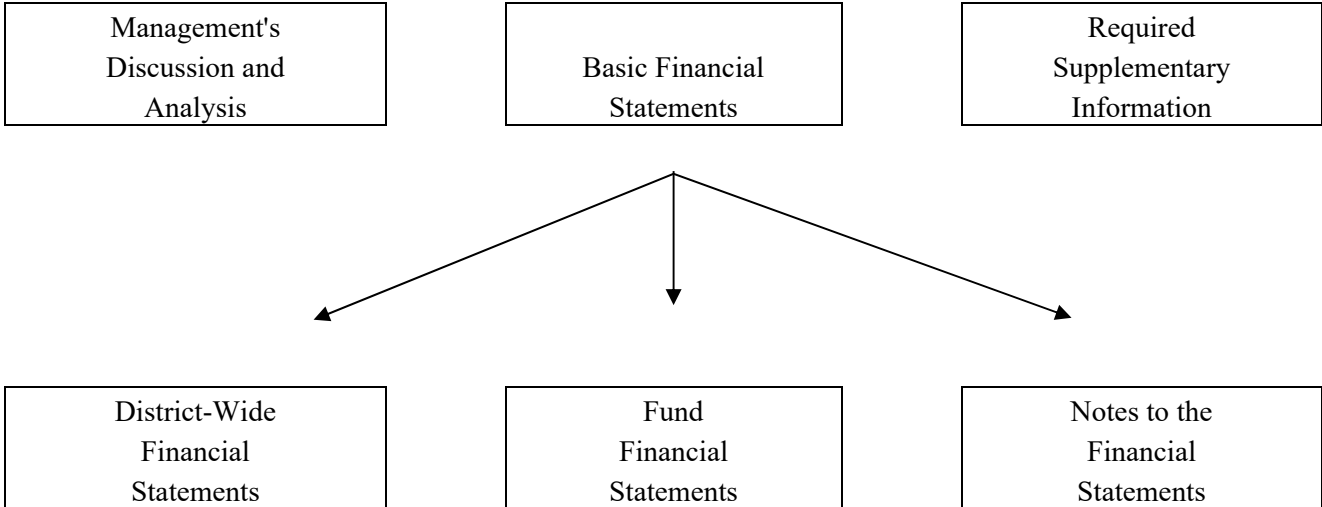


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Figure A-2**

***Major Features of the District-Wide and Fund Financial Statements***

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

## District-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

## Notes to the Basic Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

*Net Position.* The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the totals. The depreciation factored into the District's net position for 2019/2020 is \$566,254. This same amount is also factored in as an expense in the current year's financial statements. A second factor affecting the net position was the pay-down of long-term debt in the amount of \$400,000 which decreased debt and increased net position.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current and							
Other Assets	\$ 4,556,461	\$ 3,673,013	\$ 135,709	\$ 122,711	\$ 4,692,170	\$ 3,795,724	
Capital Assets, Net	13,862,331	14,325,557	38,274	35,137	13,900,605	14,360,694	
Total Assets	18,418,792	17,998,570	173,983	157,848	18,592,775	18,156,418	2.40%
Deferred Outflows of Resources	654,356	1,013,186			654,356	1,013,186	-35.42%
Long-Term Liabilities	6,387,701	7,395,640			6,387,701	7,395,640	
Other Liabilities	517,779	615,100	28,795	28,481	546,574	643,581	
Total Liabilities	6,905,480	8,010,740	28,795	28,481	6,934,275	8,039,221	-13.74%
Deferred Inflows of Resources	1,715,560	1,632,333			1,715,560	1,632,333	5.10%
Net Position/(Deficit):							
Net Investment in Capital Assets	12,227,331	12,267,265	38,274	35,137	12,265,605	12,302,402	
Restricted	2,561,686	1,395,749			2,561,686	1,395,749	
Unrestricted	(4,336,909)	(4,294,331)	106,914	94,230	(4,229,995)	(4,200,101)	
Total Net Position	\$ 10,452,108	\$ 9,368,683	\$ 145,188	\$ 129,367	\$ 10,597,296	\$ 9,498,050	11.57%

*Changes in Net Position.* The District's combined net position was \$10,597,296 on June 30, 2020, \$1,099,246 or 11.57% higher than the prior year (See Figure A-3). Property taxes increased as a result of increases expected in operating costs. The net position of the business-type activities increased \$15,821 (See Figure A-4).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	Change 2019/20
Revenue:							
Program Revenue:							
Charges for Services	\$ 122,690	\$ 96,904	\$ 202,571	\$ 235,963	\$ 325,261	\$ 332,867	
Grants and Contributions:							
Operating	7,952,651	8,394,630	59,432	79,372	8,012,083	8,474,002	
General Revenue:							
Property Taxes	21,939,945	21,515,686			21,939,945	21,515,686	
Federal and State Aid Not Restricted	67,592	65,595			67,592	65,595	
Other	193,453	22,300	2,102	2,044	195,555	24,344	
Total Revenue	<u>30,276,331</u>	<u>30,095,115</u>	<u>264,105</u>	<u>317,379</u>	<u>30,540,436</u>	<u>30,412,494</u>	0.42%
Expenses:							
Instruction	18,079,385	19,753,217			18,079,385	19,753,217	
Pupil and Instruction Services	5,389,758	4,352,202			5,389,758	4,352,202	
Administrative and Business	2,497,293	2,491,617			2,497,293	2,491,617	
Maintenance and Operations	2,201,262	2,279,929			2,201,262	2,279,929	
Transportation	492,007	547,885			492,007	547,885	
Other	533,201	557,388	248,284	315,683	781,485	873,071	
Total Expenses	<u>29,192,906</u>	<u>29,982,238</u>	<u>248,284</u>	<u>315,683</u>	<u>29,441,190</u>	<u>30,297,921</u>	-2.83%
Increase/(Decrease) in Net Position	<u>\$ 1,083,425</u>	<u>\$ 112,877</u>	<u>\$ 15,821</u>	<u>\$ 1,696</u>	<u>\$ 1,099,246</u>	<u>\$ 114,573</u>	859.43%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District improved in this past year. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. In recent years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost saving items during the year were:

- Region II, a joint venture with other area school districts, provides all of the transportation routes to out-of-District special education schools.
- The District has utilized aides to assist the special education students and provide more support for those students.
- Standard practice has been to maintain lower costs by seeking competitive proposals each year for services.
- The District has responded in its receipt of services throughout the Coronavirus pandemic by reducing its contracted vendors’ services while students and staff do not occupy the facilities.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

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

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-5**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2019/2020	2018/2019	2019/2020	2018/2019
Instruction	\$ 18,079,385	\$ 19,753,217	\$11,412,448	\$12,647,145
Pupil and Instruction Services	5,389,758	4,352,202	4,592,932	3,568,041
Administrative and Business	2,497,293	2,491,617	2,111,290	2,104,536
Maintenance and Operations	2,201,262	2,279,929	2,169,414	2,244,111
Transportation	492,007	547,885	300,084	371,977
Other	533,201	557,388	531,397	554,894
	<u>\$ 29,192,906</u>	<u>\$ 29,982,238</u>	<u>\$ 21,117,565</u>	<u>\$ 21,490,704</u>

***Business-Type Activities***

Net position from the District’s business-type activity increased \$15,821 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$15,821. The Food Services Management Company continues to improve the food product and the delivery of that product to the students and faculty with the goal of increasing participation in the school lunch program.

**Financial Analysis of the District’s Funds**

The District’s financial position in the General Fund improved due to careful planning and monitoring of expenditures despite significant changes in student needs and difficult economic times. Expenditures during the recent year increased significantly in related services, pupil transportation and employee benefits despite the District’s concerted effort to control costs.

Difficult economic times have had a direct impact upon the District’s revenue sources. Fringe benefit costs for all staff have increased dramatically in the past several years. Ratables in the municipality are a concern for the local tax levy in the future. Interest from General Fund investments improved as compared to years past. The Coronavirus pandemic has led to continued uncertainty in the municipality’s ability to collect the District’s tax levy.

These factors are likely to continue for the next few years. To maintain a stable financial position, the District must continue to practice sound fiscal management.



## General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2019/2020 budget was difficult as a result of rising costs and the state mandated lower fund balance position of the District. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of fund balance.

## Capital Assets and Long-term Liabilities

**Figure A-6**

### Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
	Land	\$ 4,748,166	\$ 4,748,166			\$ 4,748,166	
Land Improvements	6,696	9,444			6,696	9,444	
Buildings and Building Improvements	8,838,506	9,123,782			8,838,506	9,123,782	
Machinery and Equipment	268,963	444,165	\$ 38,274	\$ 35,137	307,237	479,302	
<b>Total Capital Assets, Net</b>	<b>\$ 13,862,331</b>	<b>\$ 14,325,557</b>	<b>\$ 38,274</b>	<b>\$ 35,137</b>	<b>\$ 13,900,605</b>	<b>\$ 14,360,694</b>	<b>-3.20%</b>

The decrease in capital assets is due to depreciation totaling \$566,254, offsetting the acquisition of equipment as well as building and building improvements. More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements.

### Long-term Liabilities

At year-end, the District had \$1,635,000 in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

**Figure A-7**

### Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2019/20
	2019/20	2018/19	
	General Obligation Bonds (Financed with Property Taxes), Net	\$ 1,635,000	
Obligations Under Capital Leases		23,292	
Net Pension Liabilities	3,537,193	4,159,655	
Other Liabilities	1,215,508	1,177,693	
	<b>\$ 6,387,701</b>	<b>\$ 7,395,640</b>	<b>-13.63%</b>

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

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could significantly affect its financial health in the future:

- The District continues to deal with increasing costs and increasing state mandates.

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

This financial report is designed to provide the District's citizens, taxpayers, customers and investors 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, Hillsdale, New Jersey.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,052,296	\$ 123,036	\$ 3,175,332
Receivables From State Government	202,978	39	203,017
Receivables From Federal Government	18,502	2,464	20,966
Inventory		10,170	10,170
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,128,361		1,128,361
Maintenance Reserve - Cash and Cash Equivalents	154,324		154,324
Capital Assets, Net:			
Sites (Land)	4,748,166		4,748,166
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	9,114,165	38,274	9,152,439
Total Assets	<u>18,418,792</u>	<u>173,983</u>	<u>18,592,775</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>654,356</u>		<u>654,356</u>
Total Deferred Outflows of Resources	<u>654,356</u>		<u>654,356</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	336,730	2,318	339,048
Accrued Interest Payable	28,050		28,050
Payable to Federal Government	8,970		8,970
Payable to State Government	26,468		26,468
Unearned Revenue	117,561	26,477	144,038
Noncurrent Liabilities:			
Due Within One Year	456,601		456,601
Due Beyond One Year	5,931,100		5,931,100
Total Liabilities	<u>6,905,480</u>	<u>28,795</u>	<u>6,934,275</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	<u>1,715,560</u>		<u>1,715,560</u>
Total Deferred Inflows of Resources	<u>1,715,560</u>		<u>1,715,560</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,227,331	38,274	12,265,605
Restricted for:			
Capital Projects	1,128,361		1,128,361
Maintenance Reserve	154,324		154,324
Other Purposes	1,279,001		1,279,001
Unrestricted (Deficit)	<u>(4,336,909)</u>	<u>106,914</u>	<u>(4,229,995)</u>
Total Net Position	<u>\$ 10,452,108</u>	<u>\$ 145,188</u>	<u>\$ 10,597,296</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 13,594,644	\$ 57,200	\$ 4,274,178	\$ (9,263,266)		\$ (9,263,266)
Special Education	3,996,199		2,187,734	(1,808,465)		(1,808,465)
Other Special Instruction	354,079		63,539	(290,540)		(290,540)
Other Instruction	134,463		84,286	(50,177)		(50,177)
<b>Support Services:</b>						
Tuition	842,946		272,842	(570,104)		(570,104)
Student & Instruction Related Services	4,546,812		523,984	(4,022,828)		(4,022,828)
General Administrative Services	596,070		22,405	(573,665)		(573,665)
School Administrative Services	1,322,299		340,094	(982,205)		(982,205)
Central Services	444,504		19,547	(424,957)		(424,957)
Administration Information Technology	134,420		3,957	(130,463)		(130,463)
Plant Operations and Maintenance	2,201,262		31,848	(2,169,414)		(2,169,414)
Pupil Transportation	492,007	65,490	126,433	(300,084)		(300,084)
Special Schools	30,084		1,804	(28,280)		(28,280)
Capital Outlay	22,133			(22,133)		(22,133)
Interest on Long-Term Debt	57,455			(57,455)		(57,455)
Unallocated Depreciation	423,529			(423,529)		(423,529)
<b>Total Governmental Activities</b>	<b>29,192,906</b>	<b>122,690</b>	<b>7,952,651</b>	<b>(21,117,565)</b>		<b>(21,117,565)</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 248,284	\$ 202,571	\$ 59,432		\$ 13,719	\$ 13,719
Total Business-Type Activities	248,284	202,571	59,432		13,719	13,719
Total Primary Government	\$ 29,441,190	\$ 325,261	\$ 8,012,083	\$ (21,117,565)	13,719	(21,103,846)
General Revenues and Other Item:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				21,472,745		21,472,745
Taxes Levied for Debt Service				467,200		467,200
Federal and State Aid not Restricted				67,592		67,592
Interest and Miscellaneous Income				43,301	2,102	45,403
Cancellation of Prior Year Accounts Payable				150,152		150,152
Total General Revenues and Other Item				22,200,990	2,102	22,203,092
Change in Net Position				1,083,425	15,821	1,099,246
Net Position - Beginning				9,368,683	129,367	9,498,050
Net Position - Ending				\$ 10,452,108	\$ 145,188	\$ 10,597,296

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

**FUND FINANCIAL STATEMENTS**



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,934,261	\$ 118,035			\$ 3,052,296
Receivables From State Government	188,991	13,987			202,978
Receivables From Federal Government		18,502			18,502
Restricted Cash and Cash Equivalents	1,282,685				1,282,685
<b>Total Assets</b>	<b>\$ 4,405,937</b>	<b>\$ 150,524</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 4,556,461</b>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable - Vendors	\$ 110,907	\$ 6,025			\$ 116,932
Payable to Federal Government		8,970			8,970
Payable to State Government		26,468			26,468
Unearned Revenue	8,500	109,061			117,561
<b>Total Liabilities</b>	<b>119,407</b>	<b>150,524</b>			<b>269,931</b>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,128,361				1,128,361
Maintenance Reserve Account	154,324				154,324
Excess Surplus	988,399				988,399
Excess Surplus - Subsequent Year's Expenditures	290,602				290,602
Assigned:					
Encumbrances	762,425				762,425
Subsequent Year's Expenditures	585,099				585,099
Unassigned	377,320				377,320
<b>Total Fund Balances</b>	<b>4,286,530</b>				<b>4,286,530</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,405,937</b>	<b>\$ 150,524</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 4,556,461</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020  
(Continued)

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

Total Fund Balance	\$ 4,286,530
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	13,862,331
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(28,050)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(3,537,193)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	434,558
Deferred Inflows	(1,715,560)
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.	(2,850,508)
Net Position of Governmental Activities	\$ 10,452,108

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 21,472,745			\$ 467,200	\$ 21,939,945
Tuition	57,200				57,200
Transportation	65,490				65,490
Interest on Maintenance Reserve	2,276				2,276
Interest on Capital Reserve	9,271				9,271
Miscellaneous	31,659	\$ 90,894	\$ 95		122,648
Total - Local Sources	21,638,641	90,894	95	467,200	22,196,830
State Sources	4,968,500	148,093			5,116,593
Federal Sources	3,819	450,628			454,447
Total Revenues	26,610,960	689,615	95	467,200	27,767,870
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	7,541,090				7,722,593
Special Education Instruction	2,212,043	181,503			2,212,043
Other Special Instruction	194,472				194,472
Other Instruction	81,650				81,650
Support Services and Undistributed Costs:					
Tuition	570,104	272,842			842,946
Student & Instruction Related Services	3,473,603	235,270			3,708,873
General Administrative Services	505,561				505,561
School Administrative Services	794,508				794,508
Central Services	312,478				312,478
Administration Information Technology	118,261				118,261
Plant Operations and Maintenance	2,027,896				2,027,896
Pupil Transportation	477,885				477,885
Unallocated Benefits	7,309,265				7,309,265

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>					
Debt Service:					
Principal				\$ 400,000	\$ 400,000
Interest and Other Charges	22,798			67,200	67,200
Special Schools	120,158				22,798
Capital Outlay					120,158
Total Expenditures	<u>25,761,772</u>	<u>\$ 689,615</u>		<u>467,200</u>	<u>26,918,587</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	849,188	-0-	\$ 95		849,283
<b>OTHER FINANCING SOURCES/(USES)</b>					
Cancellation of Prior Year Accounts Payable	150,152				150,152
Transfers In	95				95
Transfers Out			(95)		(95)
Total Other Financing Sources/(Uses)	<u>150,247</u>	<u>-0-</u>	<u>(95)</u>		<u>150,152</u>
Net Change in Fund Balances	999,435				999,435
Fund Balance—July 1	<u>3,287,095</u>				<u>3,287,095</u>
Fund Balance—June 30	<u>\$ 4,286,530</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,286,530</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 999,435

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

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

Depreciation expense	\$ (561,251)
Capital outlays	99,025
Adjustments/Decreases	<u>(500)</u>
	(463,226)

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:

Changes in Net Pension Liability	622,462
Change in Deferred Outflows	(387,241)
Change in Deferred Inflows	<u>(83,227)</u>
	151,994

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.

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when 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 (+).

Repayment of capital leases 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.

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

Change in Net Position of Governmental Activities \$ 1,083,425

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

## ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 123,036
Accounts Receivable:	
Federal	2,464
State	39
Inventories	<u>10,170</u>
Total Current Assets	<u>135,709</u>
Non- Current Assets:	
Capital Assets:	
Capital Assets	125,975
Less: Accumulated Depreciation	<u>(87,701)</u>
Total Non- Current Assets	<u>38,274</u>
Total Assets	<u>173,983</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable-Vendors	2,318
Unearned Revenue - Donated Commodities	4,085
Unearned Revenue - Prepaid Sales	<u>22,392</u>
Total Current Liabilities	<u>28,795</u>
Total Liabilities	<u>28,795</u>
NET POSITION:	
Investment in Capital Assets	38,274
Unrestricted	<u>106,914</u>
Total Net Position	<u>\$ 145,188</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Reimbursable Programs	\$ 158,275
Non Reimbursable Programs	39,569
Special Events	4,727
	<hr/>
Total Operating Revenue	202,571
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,985
Cost of Sales - Non Reimbursable Programs	25,246
Salaries, Benefits and Payroll Taxes	97,965
Purchased Property Services	14,730
Supplies and Materials	4,355
Depreciation Expense	5,003
	<hr/>
Total Operating Expenses	248,284
	<hr/>
Operating (Loss)	(45,713)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	41,443
Seamless Summer Option	3,216
Food Distribution Program	12,083
State Sources:	
School Lunch Program	2,639
Seamless Summer Option	51
Local Sources:	
Interest Revenue	2,102
	<hr/>
Total Non-Operating Revenue	61,534
	<hr/>
Change in Net Position	15,821
	<hr/>
Net Position - Beginning of Year	129,367
	<hr/>
Net Position - End of Year	\$ 145,188
	<hr/> <hr/>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 202,571
Payments to Food Service Vendor	(232,758)
Payments to Suppliers	<u>(4,802)</u>
Net Cash (Used for) Operating Activities	<u>(34,989)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	<u>(8,140)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(8,140)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>2,102</u>
Net Cash Provided by Investing Activities	<u>2,102</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	44,779
Seamless Summer Option	752
State Sources	
State School Lunch Program	2,847
Seamless Summer Option	<u>12</u>
Net Cash Provided by Noncapital Financing Activities	<u>48,390</u>
Net Increase in Cash and Cash Equivalents	7,363
Cash and Cash Equivalents, July 1	<u>115,673</u>
Cash and Cash Equivalents, June 30	<u>\$ 123,036</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (45,713)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	5,003
Federal Food Distribution Program	12,083
Changes in Assets and Liabilities:	
(Increase) in Inventories	(6,676)
(Decrease) in Accounts Payable	(13,545)
Increase in Unearned Revenue - Donated Commodities	1,172
Increase in Unearned Revenue- Prepaid Sales	<u>12,687</u>
Net Cash (Used for) Operating Activities	<u>\$ (34,989)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$13,255 and utilized commodities valued at \$12,083 for the fiscal year ended June 30, 2020.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 115,466	\$ 86,570	\$ 1,842
Total Assets	<u>115,466</u>	<u>86,570</u>	<u>1,842</u>
LIABILITIES:			
Due to Student Groups	78,290		
Technology Initiative	<u>37,176</u>		
Total Liabilities	<u>115,466</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes		<u>86,570</u>	<u>1,842</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 86,570</u>	<u>\$ 1,842</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 20,857	\$ 8,970
Investment Earnings:		
Interest	1,464	131
Total Additions	<u>22,321</u>	<u>9,101</u>
DEDUCTIONS:		
Quarterly Contribution Reports	42,461	
Flexible Spending Claims		8,659
Change in Net Position	(20,140)	442
Net Position - Beginning of the Year	<u>106,710</u>	<u>1,400</u>
Net Position - End of the Year	<u><u>\$ 86,570</u></u>	<u><u>\$ 1,842</u></u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Hillsdale 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:

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 government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources not accounted for and reported in another fund.

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, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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.

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 expenditure for principal and interest.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund type:

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

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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). Budget amendments during the year ended June 30, 2020 were numerous but not considered significant.

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 26,616,458	\$ 681,421
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis.		8,194
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	90,539	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(96,037)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 26,610,960	\$ 689,615
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 25,761,772	\$ 681,421
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		8,194
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 25,761,772	\$ 689,615

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

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

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



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	30 years
Land 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 related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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 \$4,286,530 General Fund fund balance at June 30, 2020, \$762,425 is assigned for encumbrances; \$1,128,361 is restricted in the capital reserve account; \$154,324 is restricted in the maintenance reserve account; \$290,602 is prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2021; \$988,399 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022; \$585,099 is assigned for subsequent year's expenditures; and \$377,320 is unassigned which is \$96,037 less than calculated unassigned fund balance on a budgetary basis, due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2020 is \$0.

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 has excess surplus of \$1,279,001 at June 30, 2020.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$96,037 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 those payments 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 two final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. 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, maintenance reserve and capital reserve.

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 has no committed resources at June 30, 2020.

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

R. Deficit Fund Balances/Net Position

The District has a deficit in unrestricted net position of \$4,336,909 in its governmental activities, which is primarily due to compensated absences payable, accrued interest payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

S. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2020 related to pensions. The District had deferred inflows of resources at June 30, 2020 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

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

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

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

T. 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

U. 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 food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

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.

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 formal 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 formal cash management plan which are those permitted under state statute as detailed below.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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.

Investments

New Jersey statutes permit the Borough 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;

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Investments (Cont'd)

- (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
- (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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	<u>Unrestricted</u>	<u>Restricted Cash and Cash Equivalents</u>		<u>Total</u>
		<u>Capital Reserve</u>	<u>Maintenance Reserve</u>	
Checking Accounts	\$ 3,364,048	\$ 1,128,361	\$ 154,324	\$ 4,646,733
State of New Jersey Cash Management Fund	15,162			15,162
	<u>\$ 3,379,210</u>	<u>\$ 1,128,361</u>	<u>\$ 154,324</u>	<u>\$ 4,661,895</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$4,661,895 and the bank balance was \$5,119,973. The \$15,162 in the State of New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 25, 2001 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 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. 6:23A-5.1(d) 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 fiscal year ending June 30, 2020 is as follows:

Beginning Balance, July 1, 2019	\$ 619,090
Increase per Board Resolution	500,000
Interest Earnings	<u>9,271</u>
Ending Balance, June 30, 2020	<u>\$ 1,128,361</u>

The June 30, 2020 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP").

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District did not make transfers to the capital outlay account.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,748,166			\$ 4,748,166
Total Capital Assets Not Being Depreciated	4,748,166			4,748,166
Capital Assets Being Depreciated:				
Land Improvements	27,482			27,482
Buildings and Building Improvements	20,412,078	\$ 98,525		20,510,603
Machinery and Equipment	3,968,570		\$ (10,700)	3,957,870
Total Capital Assets Being Depreciated	24,408,130	98,525	(10,700)	24,495,955
Governmental Activities Capital Assets	29,156,296	98,525	(10,700)	29,244,121
Less Accumulated Depreciation for:				
Land Improvements	(18,038)	(2,748)		(20,786)
Buildings and Building Improvements	(11,288,296)	(383,801)		(11,672,097)
Machinery and Equipment	(3,524,405)	(174,702)	10,200	(3,688,907)
	(14,830,739)	(561,251)	10,200	(15,381,790)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 14,325,557	\$ (462,726)	\$ (500)	\$ 13,862,331
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 117,835	\$ 8,140		\$ 125,975
Less Accumulated Depreciation	(82,698)	(5,003)		(87,701)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 35,137	\$ 3,137	\$ - 0 -	\$ 38,274

The District had \$98,525 in current year additions to Building and Building Improvements and \$8,140 in Machinery and Equipment.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,143
Administrative Services	48,401
Plant Operations and Maintenance	54,056
Pupil Transportation	14,122
Unallocated	423,529
	<u>\$ 561,251</u>

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2019	Added	Retired	Balance 6/30/2020
Serial Bonds Payable	\$ 2,035,000		\$ 400,000	\$ 1,635,000
Compensated Absences Payable	1,177,693	\$ 64,695	26,880	1,215,508
Net Pension Liability	4,159,655		622,462	3,537,193
Capital Leases Payable	23,292		23,292	
	<u>\$ 7,395,640</u>	<u>\$ 64,695</u>	<u>\$ 1,072,634</u>	<u>\$ 6,387,701</u>

A. 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 and are liquidated through the debt service fund.

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

Purpose	Maturity	Interest Rate	Amount
Refunding Bonds of 2012	07/15/2023	3.00%-4.00%	<u>\$ 1,635,000</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable (Cont'd)

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 420,000	\$ 54,900	\$ 474,900
2022	425,000	40,100	465,100
2023	425,000	23,100	448,100
2024	365,000	7,300	372,300
	<u>\$ 1,635,000</u>	<u>\$ 125,400</u>	<u>\$ 1,760,400</u>

B. Bonds Authorized But Not Issued:

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

C. Capital Leases Payable:

The District did not have any capital leases payable at June 30, 2020.

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 liability balance of compensated absences is \$1,178,907. The current portion of this liability is \$36,601.

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

The compensated absence payable will be liquidated through the General Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$3,537,193. See Note 9 for further information on the PERS.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
 (Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Borough of Hillsdale School District on June 18, 2018. 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 excess, 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. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance, July 1, 2019	\$ 152,048
Interest Earnings	<u>2,276</u>
Ending Balance, June 30, 2020	<u><u>\$ 154,324</u></u>

The District experienced a decrease of \$44,419 in their 2020-2021 state aid as compared with their February 27, 2020 state aid notice. On August 10, 2020 the Board adopted a resolution to approve a plan to withdraw \$44,419 from the Maintenance Reserve Account as a direct result of the reduction in state aid.

NOTE 9. PENSION PLANS

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability 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 \$191,387 for 2020.

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

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

At June 30, 2020, the District reported a liability of \$3,537,193 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0196%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$38,959. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. 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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 9,348	
	2015	5.72	57,801	
	2016	5.57	286,053	
	2017	5.48		\$ 507,778
	2018	5.63		410,330
	2019	5.21		309,641
			<u>353,202</u>	<u>1,227,749</u>
Changes in Proportion	2014	6.44	17,143	
	2015	5.72		27,933
	2016	5.57		60,495
	2017	5.48		54,218
	2018	5.63	725	
	2019	5.21		273,703
			<u>17,868</u>	<u>416,349</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(65,286)
	2017	5.00		78,348
	2018	5.00		54,497
	2019	5.00		(11,723)
			<u>-0-</u>	<u>55,836</u>
Difference Between Expected and Actual Experience	2015	5.72	16,037	
	2016	5.57	8,681	
	2017	5.48	15,101	
	2018	5.63		15,626
	2019	5.21		
			<u>23,669</u>	
			<u>63,488</u>	<u>15,626</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	219,798	
			<u>\$ 654,356</u>	<u>\$ 1,715,560</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (102,138)
2021	(331,334)
2022	(295,862)
2023	(138,922)
2024	(14,265)
	<u>\$ (882,521)</u>

Actuarial Assumptions

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

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

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



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

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

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

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

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 4,468,050	\$ 3,537,193	\$ 2,752,814

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/annual-reports.shtml](http://www.nj.gov/treasury/pensions/annual-reports.shtml).

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to 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 member 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$2,178,312 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,485,266.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$59,089,655. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.096%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		59,089,655
Total	\$	59,089,655

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$3,485,266 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			8,729,264,342	17,163,131,436
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			1,203,503,264	213,344,311
Net Difference Between Projected and Actual and Actual Investment Earnings on Pension Plan Investments	2015	5.00		
	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
				163,369,676
			\$ 9,932,767,606	\$ 17,539,845,423

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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:

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

Actuarial Assumptions

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

Inflation Rate:	
Price	2.25%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45% based on years of service
Thereafter	2.75-5.65% based on years of service
Investment Rate of Return	7.00%

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 69,679,782	\$ 59,089,655	\$ 50,303,194

Pension Plan Fiduciary Net Position - TPAF

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.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

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 \$20,071 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$36,796 for the fiscal year ended June 30, 2020.

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The Borough of Hillsdale School District is a member of the Northeast Bergen County School Board Insurance Group, (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected. As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2020 audit was not available as of the date of this report; however, selected, summarized financial information for the Group as of June 30, 2019 is as follows:

Total Assets	\$ 32,441,723
Net Position	\$ 19,557,163
Total Revenue	\$ 14,472,107
Total Expenses	\$ 11,208,523
Change in Net Position	\$ 3,263,584
Member Dividends	\$ 1,860,981

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Financial statements for the Group are available at the Group's Executive Director's Office:

Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675  
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	-0-	\$ 1,464	\$ 20,857	\$ 42,461	\$ 86,570
2018-2019	-0-	1,493	21,216		106,710
2017-2018	-0-	395	21,662	12,012	84,001

NOTE 11. 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 12. 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  
Lincoln Investment

MetLife Resources

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 13. 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 14. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

The District participates in federal 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

At June 30, 2020, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue Fund	Total
\$ 762,425	\$ 98,539	\$ 860,964

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$98,539 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 15. ACCOUNTS PAYABLE

	General Fund	Special Revenue Fund	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
Vendors	\$ 110,907	\$ 6,025		\$ 116,932	\$ 2,318
Due to State of New Jersey		26,468	\$ 219,798	246,266	
Due to Federal Government		8,970		8,970	
	<u>\$ 110,907</u>	<u>\$ 41,463</u>	<u>\$ 219,798</u>	<u>\$ 372,168</u>	<u>\$ 2,318</u>

NOTE 16. 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>.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 45,002,559
Changes for Year:	
Service Cost	1,717,083
Interest on the Total OPEB Liability	1,654,621
Changes of Assumptions	(4,495,312)
Differences between Expected and Actual Experience	(3,694,553)
Gross Benefit Payments by the State	(1,047,475)
Contributions from Members	36,202
Net Changes	<u>(5,829,434)</u>
Balance at June 30, 2018	<u>\$ 39,173,125</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 46,310,608	\$ 39,173,125	\$ 33,499,563

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

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

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 32,378,869	\$ 39,173,125	\$ 48,158,788

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

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$1,912,998 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion	N/A	N/A	\$ 51,834	
Changes in Proportion	N/A	N/A	561,095	
Changes in Assumptions	2017	9.54		\$ (5,322,272)
Changes in Assumptions	2018	9.51		(3,458,584)
Differences between Expected and Actual Experience	2018	9.51		(3,802,627)
			\$ 612,929	\$ (12,583,483)

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

Fiscal Year Ending June 30,	Total
2019	\$ (1,550,601)
2020	(1,550,601)
2021	(1,550,601)
2022	(1,550,601)
2023	(1,550,601)
Thereafter	(4,830,476)
	\$ (12,583,483)



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 17. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Hillsdale recognized revenue in the amount of \$44,454 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatements would have been \$319,737 of which \$141,738 would have been for the local school tax.

NOTE 18. SUBSEQUENT EVENT

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

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

The District's Food Service Enterprise Fund was negatively impacted during the months of March 2020 through June 2020 due to COVID-19, due to the reduced participation levels in part to school being closed. The District continued to provide lunch through the USDA's Summer Seamless Program upon its early adoption in response to the pandemic but was still unable to make up for the reduced participation rate. Similarly, the operational costs passed onto the District for the management of the food service program was significantly reduced due in part to the pandemic. Projecting for the 2021 school year, it is expected that similar levels of participation and operational costs will continue throughout the school year.

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0239039844%	0.0227512812%	0.0216707671%	0.0211212690%	0.0211262600%	0.0196309173%
District's proportionate share of the net pension liability	\$ 4,475,480	\$ 5,107,207	\$ 6,418,260	\$ 4,916,694	\$ 4,159,655	\$ 3,537,193
District's covered employee payroll	1,548,981	1,470,730	1,459,526	1,416,700	1,327,147	1,415,038
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	288.93%	347.26%	439.75%	347.05%	313.43%	249.97%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 197,061	\$ 195,600	\$ 192,520	\$ 195,666	\$ 210,517	\$ 191,387
Contributions in relation to the contractually required contribution	(197,061)	(195,600)	(192,520)	(195,666)	(210,517)	(191,387)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,470,730	\$ 1,459,526	\$ 1,416,700	\$ 1,327,147	\$ 1,415,038	\$ 1,286,292
Contributions as a percentage of covered employee payroll	13.40%	13.40%	13.59%	14.74%	14.88%	14.88%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0923353276%	0.0955417453%	0.0938492496%	0.0923812404%	0.0982914300%	0.0962827868%
State's proportionate share of the net pension liability attributable to the District	\$ 49,350,227	\$ 60,386,505	\$ 73,827,795	\$ 62,286,763	\$ 62,530,896	\$ 59,089,655
District's covered employee payroll	9,479,403	9,120,841	10,006,102	10,173,543	10,455,949	11,075,519
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	520.60%	662.07%	737.83%	612.24%	598.04%	533.52%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 2,655,506	\$ 3,687,140	\$ 5,547,132	\$ 4,314,912	\$ 3,645,333	\$ 3,485,266
Contributions in relation to the contractually required contribution	(516,534)	(751,394)	(1,002,774)	(1,447,486)	(1,893,650)	(2,178,312)
Contribution deficiency/(excess)	<u>\$ 2,138,972</u>	<u>\$ 2,935,746</u>	<u>\$ 4,544,358</u>	<u>\$ 2,867,426</u>	<u>\$ 1,751,683</u>	<u>\$ 1,306,954</u>
District's covered employee payroll	\$ 9,120,841	\$ 10,006,102	\$ 10,173,543	\$ 10,455,949	\$ 11,075,519	\$ 11,299,281
Contributions as a percentage of covered employee payroll	5.66%	7.51%	9.86%	13.84%	17.10%	19.28%

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

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

	Fiscal Year Ending	
	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost	\$ 2,063,932	\$ 1,717,083
Interest Cost	1,425,552	1,654,621
Changes in Assumptions	(5,936,854)	(4,495,312)
Differences between Expected and Actual Experience		(3,694,553)
Member Contributions	38,382	36,202
Gross Benefit Payments	(1,042,355)	(1,047,475)
Net Change in Total OPEB Liability	(3,451,343)	(5,829,434)
Total OPEB Liability - Beginning	48,453,902	45,002,559
Total OPEB Liability - Ending	\$ 45,002,559	\$ 39,173,125
State's Covered Employee Payroll *	\$ 11,783,096	\$ 12,490,557
Total OPEB Liability as a Percentage of Covered Employee Payroll	382%	314%

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

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

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

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

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

B.TEACHERS' PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

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

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

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

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

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

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

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

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight 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, 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.

**BUDGETARY COMPARISON SCHEDULES**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 21,472,745		\$ 21,472,745	\$ 21,472,745	\$ 15,200
Tuition	42,000		42,000	57,200	(9,510)
Transportation Fees from Individuals	75,000		75,000	65,490	2,226
Interest Earned on Maintenance Reserve Funds	50		50	9,271	(8,341)
Interest Earned on Capital Reserve Funds	50		50	9,271	
Miscellaneous	40,000		40,000	31,659	
<b>Total - Local Sources</b>	<b>21,629,845</b>		<b>21,629,845</b>	<b>21,638,641</b>	<b>8,796</b>
State Sources:					
Extraordinary Special Education Costs Aid	114,190		114,190	149,168	34,978
Categorical Special Education Aid	787,755		787,755	787,755	
Equalization Aid	11,741		11,741	11,741	
Categorical Security Aid	55,927		55,927	55,927	
Categorical Transportation Aid	126,575		126,575	126,575	
TPAF Pension Payments (On-Behalf - Non-Budgeted)				2,178,312	2,178,312
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				39,044	39,044
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				822,598	822,598
TPAF Long-Term Disability Insurance Contributions (On-Behalf - Non-Budgeted)				1,616	1,616
TPAF Social Security (Reimbursed - Non-Budgeted)				801,262	801,262
<b>Total State Sources</b>	<b>1,096,188</b>		<b>1,096,188</b>	<b>4,973,998</b>	<b>3,877,810</b>
Federal Sources:					
Medicaid Assistance Program	19,809		19,809	3,819	(15,990)
<b>Total Federal Sources</b>	<b>19,809</b>		<b>19,809</b>	<b>3,819</b>	<b>(15,990)</b>
<b>TOTAL REVENUES</b>	<b>22,745,842</b>		<b>22,745,842</b>	<b>26,616,458</b>	<b>3,870,616</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 679,194	\$ (79,410)	\$ 599,784	\$ 584,685	\$ 15,099
Grades 1-5 - Salaries of Teachers	3,537,115	(65,871)	3,471,244	3,368,716	102,528
Grades 6-8 - Salaries of Teachers	2,844,805	(8,851)	2,835,954	2,798,591	37,363
Regular Programs - Home Instruction:					
Salaries of Teachers	3,667	12,725	16,392	16,391	1
Purchased Professional - Educational Services	2,000		2,000	2,000	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	232,265	228,077	460,342	460,342	
Purchased Professional - Educational Services	7,810	(2,034)	5,776	3,532	2,244
Other Purchased Services (400-500 series)	28,033		28,033	23,798	4,235
General Supplies	226,540	3,829	230,369	199,457	30,912
Textbooks	72,341	(1,245)	71,096	64,460	6,636
Other Objects	30,621		30,621	19,118	11,503
<b>Total Regular Programs - Instruction</b>	<b>7,664,391</b>	<b>87,220</b>	<b>7,751,611</b>	<b>7,541,090</b>	<b>210,521</b>
<b>Special Education - Instruction:</b>					
Learning and/or Language Disabilities:					
Salaries of Teachers	60,390	55,893	116,283	116,093	190
Other Salaries for Instruction	111,300	6,993	118,293	116,992	1,301
General Supplies	1,000		1,000		1,000
<b>Total Learning and/or Language Disabilities</b>	<b>172,690</b>	<b>62,886</b>	<b>235,576</b>	<b>233,085</b>	<b>2,491</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,709,434	65,173	1,774,607	1,774,607	
General Supplies	1,500	(1,500)			
<b>Total Resource Room/Resource Center</b>	<b>1,710,934</b>	<b>63,673</b>	<b>1,774,607</b>	<b>1,774,607</b>	

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Preschool Disabilities - Part-time:					
Salaries of Teachers	\$ 96,550		\$ 96,550	\$ 94,697	\$ 1,853
Other Salaries for Instruction	126,060		126,060	109,447	16,613
General Supplies	4,500	\$ (4,293)	207	207	
<b>Total Preschool Disabilities - Part-time</b>	<u>227,110</u>	<u>(4,293)</u>	<u>222,817</u>	<u>204,351</u>	<u>18,466</u>
<b>Total Special Education Instruction</b>	<u>2,110,734</u>	<u>122,266</u>	<u>2,233,000</u>	<u>2,212,043</u>	<u>20,957</u>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	125,349		125,349	124,694	655
General Supplies	500		500	68	432
<b>Total Basic Skills/Remedial - Instruction</b>	<u>125,849</u>		<u>125,849</u>	<u>124,762</u>	<u>1,087</u>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	69,711		69,711	69,710	1
General Supplies	600		600		600
<b>Total Bilingual Education - Instruction</b>	<u>70,311</u>		<u>70,311</u>	<u>69,710</u>	<u>601</u>
<b>School-Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	21,000	16,534	37,534	37,534	
Supplies and Materials	5,000	(3,610)	1,390	1,390	
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<u>26,000</u>	<u>12,924</u>	<u>38,924</u>	<u>38,924</u>	

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u></u>	<u>Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 37,846	\$ (9,907)	\$ 27,939	\$ 27,939	
Purchased Services (300-500 series)	5,500	5,500	5,500	5,450	\$ 50
Supplies and Materials	6,000	(4,483)	1,517	597	920
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<u>49,346</u>	<u>(14,390)</u>	<u>34,956</u>	<u>33,986</u>	<u>970</u>
<b>Community Service Programs:</b>					
Salaries	10,000	5,621	15,621	8,740	6,881
<b>Total Community Service Programs</b>	<u>10,000</u>	<u>5,621</u>	<u>15,621</u>	<u>8,740</u>	<u>6,881</u>
<b>Total Instruction</b>	<u>10,056,631</u>	<u>213,641</u>	<u>10,270,272</u>	<u>10,029,255</u>	<u>241,017</u>
<b>Undistributed Expenditures:</b>					
Instruction:					
Tuition to Other LEAs Within the State - Special	142,080	(5,950)	136,130	82,492	53,638
Tuition to Private Schools for the Disabled - Within the State	464,985	27,498	492,483	445,278	47,205
Other Tuition	58,386	(16,052)	42,334	42,334	
<b>Total Undistributed Expenditures - Instruction:</b>	<u>665,451</u>	<u>5,496</u>	<u>670,947</u>	<u>570,104</u>	<u>100,843</u>
<b>Attendance and Social Work Services:</b>					
Salaries	23,639	1	23,640	23,639	1
Purchased Professional and Technical Services	8,540	(1)	8,539	8,536	3
<b>Total Attendance and Social Work Services</b>	<u>32,179</u>	<u></u>	<u>32,179</u>	<u>32,175</u>	<u>4</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Health Services:					
Salaries	\$ 235,221	\$ (5,480)	\$ 229,741	\$ 228,282	\$ 1,459
Purchased Professional and Technical Services	115,410	(20,015)	95,395	74,197	21,198
Supplies and Materials	11,000	5,082	16,082	16,079	3
<b>Total Health Services</b>	<b>361,631</b>	<b>(20,413)</b>	<b>341,218</b>	<b>318,558</b>	<b>22,660</b>
Speech, OT, PT and Related Services:					
Salaries	410,201	4,875	415,076	415,076	
Purchased Professional - Educational Services	2,631	8,458	11,089	11,088	1
Supplies and Materials	1,000	(662)	338	337	1
<b>Total Speech, OT, PT and Related Services</b>	<b>413,832</b>	<b>12,671</b>	<b>426,503</b>	<b>426,501</b>	<b>2</b>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	361,655	(17,499)	344,156	340,421	3,735
<b>Total Other Support Services - Students - Extraordinary Services</b>	<b>361,655</b>	<b>(17,499)</b>	<b>344,156</b>	<b>340,421</b>	<b>3,735</b>
Guidance:					
Salaries of Other Professional Staff	343,237	4,510	347,747	347,747	
Salaries of Secretarial and Clerical Assistants	48,938	15,524	64,462	62,470	1,992
<b>Total Guidance</b>	<b>392,175</b>	<b>20,034</b>	<b>412,209</b>	<b>410,217</b>	<b>1,992</b>



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 625,608	\$ 442	\$ 626,050	\$ 623,299	\$ 2,751
Salaries of Secretarial and Clerical Assistants	98,504		98,504	97,854	650
Purchased Professional - Educational Services	246,096	(34,442)	211,654	190,114	21,540
Purchased Professional and Technical Services	164,908	63,884	228,792	212,980	15,812
Supplies and Materials	12,025		12,025	6,254	5,771
Other Objects	8,050	(43)	8,007	6,246	1,761
<b>Total Child Study Teams</b>	<b>1,155,191</b>	<b>29,841</b>	<b>1,185,032</b>	<b>1,136,747</b>	<b>48,285</b>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	108,000		108,000	108,000	
Salaries of Secretarial and Clerical Assistants	55,203		55,203	55,203	
Purchased Professional and Technical Services	10,270		10,270	10,270	
Other Purchased Services	39,507	(12,047)	27,460	24,740	2,720
Supplies and Materials	5,000		5,000	5,000	
<b>Total Improvement of Instructional Services</b>	<b>217,980</b>	<b>(12,047)</b>	<b>205,933</b>	<b>187,943</b>	<b>17,990</b>
Educational Media Services/School Library:					
Salaries	242,742	(20,733)	222,009	221,796	213
Salaries of Technology Coordinators	103,082	(155)	102,927	100,582	2,345
Purchased Professional and Technical Services	10,375	(2,314)	8,061	7,454	607
Other Purchased Services	3,847		3,847	1,768	2,079
Supplies and Materials	13,200	1,900	15,100	10,957	4,143
Other Objects	459,314	177,707	637,021	257,421	379,600
<b>Total Educational Media Services/School Library</b>	<b>832,560</b>	<b>156,405</b>	<b>988,965</b>	<b>599,978</b>	<b>388,987</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 54,500	\$	\$ 54,500	\$ 13,063	\$ 41,437
Other Objects	8,000		8,000	8,000	
<b>Total Instructional Staff Training Services</b>	<b>62,500</b>		<b>62,500</b>	<b>21,063</b>	<b>41,437</b>
Support Services - General Administration:					
Salaries	268,210	\$ 15,000	283,210	283,210	
Legal Services	45,796	(10,258)	35,538	23,540	11,998
Audit Fees	39,606	3,000	42,606	42,606	
Architectural/Engineering Services	20,000	33,000	53,000		53,000
Other Purchased Professional Services	13,150		13,150	13,135	15
Communications/Telephone	176,059	(52,222)	123,837	106,019	17,818
BOE Other Purchased Services	4,000		4,000	2,984	1,016
Other Purchased Services (400-500 series)	15,600		15,600	11,789	3,811
General Supplies	9,500		9,500	8,612	888
BOE In- House Training/Meeting Supplies	3,500		3,500	782	2,718
Judgements Against the School District	15,000	(15,000)			
Miscellaneous Expenditures	9,470		9,470	3,447	6,023
BOE Membership Dues and Fees	10,500		10,500	9,437	1,063
<b>Total Support Services - General Administration</b>	<b>630,391</b>	<b>(26,480)</b>	<b>603,911</b>	<b>505,561</b>	<b>98,350</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	571,380		571,380	570,879	501
Other Salaries	3,500		3,500	385	3,115
Salaries of Secretarial and Clerical Assistants	212,996		212,996	212,996	
Other Purchased Services (400-500 series)	7,000		7,000	4,871	2,129
Supplies and Materials	9,675		9,675	5,377	4,298
<b>Total Support Services - School Administration</b>	<b>804,551</b>		<b>804,551</b>	<b>794,508</b>	<b>10,043</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Central Services:					
Salaries	\$ 249,771	\$ (7,966)	\$ 241,805	\$ 247,087	\$ (5,282)
Purchased Technical Services	44,000	4,454	48,454	43,610	4,844
Miscellaneous Purchased Services (400-500 series)	13,120	546	13,666	9,312	4,354
Supplies and Materials	18,100		18,100	9,869	8,231
Miscellaneous Expenditures	7,000		7,000	2,600	4,400
<b>Total Central Services</b>	<b>331,991</b>	<b>(2,966)</b>	<b>329,025</b>	<b>312,478</b>	<b>16,547</b>
Administration Information Technology:					
Salaries	57,409	(4,203)	53,206	50,015	3,191
Purchased Technical Services	112,841		112,841	68,246	44,595
<b>Total Administration Information Technology</b>	<b>170,250</b>	<b>(4,203)</b>	<b>166,047</b>	<b>118,261</b>	<b>47,786</b>
Required Maintenance of School Facilities:					
Salaries	101,700		101,700	101,699	1
Cleaning, Repair and Maintenance Services	413,394		413,394	268,609	144,785
Lead Testing of Drinking Water	10,000		10,000		10,000
General Supplies	45,975		45,975	24,953	21,022
<b>Total Required Maintenance of School Facilities</b>	<b>571,069</b>		<b>571,069</b>	<b>395,261</b>	<b>175,808</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
Salaries	\$ 345,964	\$ (4,246)	\$ 341,718	\$ 257,435	\$ 84,283
Salaries of Non-Instructional Aides	53,000		53,000	43,436	9,564
Purchased Professional and Technical Services	8,200		8,200		8,200
Cleaning, Repair and Maintenance Services	925,656	4,000	929,656	820,794	108,862
Insurance	146,005	(2,644)	143,361	129,934	13,427
General Supplies	105,806	(2,171)	103,635	86,599	17,036
Energy (Natural Gas)	194,000	(51,000)	143,000	100,372	42,628
Energy (Electricity)	264,100	(16,223)	247,877	106,764	141,113
Energy (Gasoline)	16,870		16,870	385	16,485
Other Objects	21,566		21,566	15,898	5,668
<b>Total Custodial Services</b>	<b>2,081,167</b>	<b>(72,284)</b>	<b>2,008,883</b>	<b>1,561,617</b>	<b>447,266</b>
<b>Security:</b>					
Purchased Professional and Technical Services	82,196	(8,579)	73,617	43,551	30,066
Cleaning, Repair and Maintenance Services	6,017	8,710	14,727	14,725	2
General Supplies	9,534	3,210	12,744	12,742	2
<b>Total Security</b>	<b>97,747</b>	<b>3,341</b>	<b>101,088</b>	<b>71,018</b>	<b>30,070</b>
<b>Student Transportation Services:</b>					
Contracted Services:					
Between Home and School - Vendors	249,511	22,385	271,896	261,734	10,162
Other Than Between Home and School - Vendors	36,100		36,100	15,126	20,974
Special Education Students - Joint Agreements	324,466	(9,499)	314,967	191,220	123,747
Aid in Lieu Payments-Nonpublic Students	40,000	(12,885)	27,115	9,805	17,310
Supplies and Materials	839		839		839
<b>Total Student Transportation Services</b>	<b>650,916</b>	<b>1</b>	<b>650,917</b>	<b>477,885</b>	<b>173,032</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 229,000	\$	\$ 229,000	\$ 193,225	\$ 35,775
Other Retirement Contributions - PERS	222,748		222,748	191,387	31,361
Other Retirement Contributions - Regular	44,000		44,000	27,096	16,904
Workmen's Compensation	112,476	\$ 597	113,073	50,983	62,090
Health Benefits	3,683,018	(182,888)	3,500,130	2,847,156	652,974
Other Employee Benefits	109,402	5,339	114,741	114,686	55
Unused Sick Payment to Terminated/Retired Staff	45,000		45,000	41,900	3,100
<b>Total Unallocated Benefits</b>	<b>4,445,644</b>	<b>(176,952)</b>	<b>4,268,692</b>	<b>3,466,433</b>	<b>802,259</b>
<b>On-Behalf Contributions:</b>					
TPAF Pension Payments (On-Behalf - Non-Budgeted)				2,178,312	(2,178,312)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				39,044	(39,044)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				822,598	(822,598)
TPAF Long-Term Disability Insurance Contributions (On-Behalf - Non-Budgeted)				1,616	(1,616)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				801,262	(801,262)
<b>Total On-Behalf Contributions</b>				<b>3,842,832</b>	<b>(3,842,832)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>4,445,644</b>	<b>(176,952)</b>	<b>4,268,692</b>	<b>7,309,265</b>	<b>(3,040,573)</b>
<b>Total Undistributed Expenses</b>	<b>14,278,880</b>	<b>(105,055)</b>	<b>14,173,825</b>	<b>15,589,561</b>	<b>(1,415,736)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>24,335,511</b>	<b>108,586</b>	<b>24,444,097</b>	<b>25,618,816</b>	<b>(1,174,719)</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures:					
Security	\$ 98,525		\$ 98,525	\$ 98,525	
Total Equipment	<u>98,525</u>		<u>98,525</u>	<u>98,525</u>	
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	21,633		21,633	21,633	
Total Facilities Acquisition and Construction Services	<u>21,633</u>		<u>21,633</u>	<u>21,633</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>120,158</u>		<u>120,158</u>	<u>120,158</u>	
<b>SPECIAL SCHOOLS:</b>					
Summer School - Instruction:					
Salaries of Teachers	30,000		30,000	10,391	\$ 19,609
Other Salaries for Instruction	20,000		20,000	12,407	7,593
Total Summer School - Instruction	<u>50,000</u>		<u>50,000</u>	<u>22,798</u>	<u>27,202</u>
<b>TOTAL SPECIAL SCHOOLS</b>	<u>50,000</u>		<u>50,000</u>	<u>22,798</u>	<u>27,202</u>
<b>TOTAL EXPENDITURES</b>	<u>24,505,669</u>	<u>\$ 108,586</u>	<u>24,614,255</u>	<u>25,761,772</u>	<u>(1,147,517)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,759,827)</u>	<u>(108,586)</u>	<u>(1,868,413)</u>	<u>854,686</u>	<u>2,723,099</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources:					
Transfer In:					
Cancellation of Prior Year Accounts Payable				\$ 150,152	\$ 150,152
Interest Earned in Capital Projects Fund				95	95
Total Other Financing Sources				<u>150,247</u>	<u>150,247</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (1,759,827)	\$ (108,586)	\$ (1,868,413)	1,004,933	2,873,346
Fund Balance, July 1	<u>3,377,634</u>		<u>3,377,634</u>	<u>3,377,634</u>	
Fund Balance, June 30	<u>\$ 1,617,807</u>	<u>\$ (108,586)</u>	<u>\$ 1,509,221</u>	<u>\$ 4,382,567</u>	<u>\$ 2,873,346</u>

Recapitulation:	
Restricted for Excess Surplus	\$ 988,399
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditures	290,602
Capital Reserve	1,128,361
Maintenance Reserve	154,324
Assigned:	
Year End Encumbrances	762,425
Designated for Subsequent Year's Expenditures	585,099
Unassigned Fund Balance	<u>473,357</u>
	<u>4,382,567</u>
Reconciliation to Governmental Fund Statement (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	<u>(96,037)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,286,530</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 94,885	\$ 94,885	\$ 94,885	
State Sources		244,149	244,149	135,198	\$ (108,951)
Federal Sources	\$ 270,000	186,641	456,641	451,338	(5,303)
<b>Total Revenues</b>	<b>270,000</b>	<b>525,675</b>	<b>795,675</b>	<b>681,421</b>	<b>(114,254)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Personal Services - Salaries		17,017	17,017	17,017	
Purchased Professional and Technical Services	30,000	43,522	73,522	66,225	7,297
Tuition	240,000	32,842	272,842	272,842	
General Supplies		119,846	119,846	43,308	76,538
Textbooks		9,699	9,699	9,699	
Other Objects		37,524	37,524	37,513	11
<b>Total Instruction</b>	<b>270,000</b>	<b>260,450</b>	<b>530,450</b>	<b>446,604</b>	<b>83,846</b>
Support Services:					
Purchased Professional and Technical Services		67,711	67,711	63,760	3,951
Other Purchased Services		94,461	94,461	68,004	26,457
Supplies and Materials		8,168	8,168	8,168	
Other Objects		94,885	94,885	94,885	
<b>Total Support Services</b>		<b>265,225</b>	<b>265,225</b>	<b>234,817</b>	<b>30,408</b>
<b>Total Expenditures</b>	<b>270,000</b>	<b>525,675</b>	<b>795,675</b>	<b>681,421</b>	<b>114,254</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 26,616,458	\$ 681,421
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis.		8,194
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	90,539	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(96,037)	
	<u>\$ 26,610,960</u>	<u>\$ 689,615</u>
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
	<u>\$ 26,610,960</u>	<u>\$ 689,615</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 25,761,772	\$ 681,421
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		8,194
	<u>\$ 25,761,772</u>	<u>\$ 689,615</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 25,761,772</u>	<u>\$ 689,615</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

The General Fund budgetary revenue differs from 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.

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

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

	Elementary and Secondary Education Act		IDEA		CARES Emergency Relief Grant
	Title I	Title II A	Part B Basic	Preschool	
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 103,588	\$ 32,460	\$ 280,992	\$ 28,353	\$ 5,945
Total Revenue	103,588	32,460	280,992	28,353	5,945
EXPENDITURES:					
Instruction:					
Salaries					
Purchased Professional and Technical Services	66,225				
Tuition			272,842		
General Supplies	37,363				5,945
Textbooks					
Other Objects					
Total Instruction	103,588		272,842		5,945
Support Services:					
Purchased Professional & Technical Services		24,292	8,150	28,353	
Other Purchased Services		8,168			
Supplies and Materials					
Other Objects					
Total Support Services		32,460	8,150	28,353	
Total Expenditures	\$ 103,588	\$ 32,460	\$ 280,992	\$ 28,353	\$ 5,945

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

	Nonpublic Handicapped Services (Chapter 193)		Corrective Speech	Nonpublic Auxiliary Services (Chapter 192)		Local Grants
	Supplementary Instruction	Examination and Classification		Compensatory Education		
REVENUE:						
Local Sources						
State Sources	\$ 8,823	\$ 18,559	\$ 14,582	\$ 26,040	\$	\$ 94,885
Federal Sources						
Total Revenue	8,823	18,559	14,582	26,040		94,885
EXPENDITURES:						
Instruction:						
Salaries						
Purchased Professional and Technical Services						
Tuition						
General Supplies						
Textbooks						
Other Objects						
Total Instruction						
Support Services:						
Purchased Professional & Technical Services						
Other Purchased Services	8,823	18,559	14,582	26,040		94,885
Other Objects						
Total Support Services	8,823	18,559	14,582	26,040		94,885
Total Expenditures	8,823	18,559	14,582	26,040	\$	94,885

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

	Nonpublic				Totals June 30, 2020
	Nonpublic Security	Technology	Textbook	Nursing	
REVENUE:					
Local Sources					
State Sources	\$ 30,889	\$ 6,624	\$ 9,699	\$ 19,982	\$ 94,885
Federal Sources					135,198
Total Revenue	30,889	6,624	9,699	19,982	681,421
EXPENDITURES:					
Instruction:					
Salaries				17,017	17,017
Purchased Professional and Technical Services					66,225
Tuition					272,842
General Supplies					43,308
Textbooks	30,889		9,699		9,699
Other Objects					37,513
Total Instruction	30,889	6,624	9,699	17,017	446,604
Support Services:					
Purchased Professional & Technical Services				2,965	63,760
Other Purchased Services					68,004
Supplies and Materials					8,168
Other Objects					94,885
Total Support Services				2,965	234,817
Total Expenditures	\$ 30,889	\$ 6,624	\$ 9,699	\$ 19,982	\$ 681,421

**CAPITAL PROJECTS FUND**



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
AND PROJECT STATUS - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Interest Revenue	\$ 95
	<hr/>
Total Revenue and Other Financing Sources	95
	<hr/>
Expenditures and Other Financing Uses:	
Transfers Out:	
General Fund - Interest Earned	95
	<hr/>
Total Expenditures and Other Financing Uses	95
	<hr/>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
	<hr/>
Fund Balance - Beginning	-0-
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>

**PROPRIETARY FUNDS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 123,036
Accounts Receivable:	
Federal	2,464
State	39
Inventories	10,170
	<hr/>
Total Current Assets	135,709

## Non- Current Assets:

## Capital Assets:

Capital Assets	125,975
Net of Accumulated Depreciation	(87,701)
	<hr/>

Total Non- Current Assets	38,274
	<hr/>

Total Assets	173,983
	<hr/>

## LIABILITIES:

## Current Liabilities:

Accounts Payable -Vendors	2,318
Unearned Revenue - Donated Commodities	4,085
Unearned Revenue - Prepaid Sales	22,392
	<hr/>

Total Current Liabilities	28,795
	<hr/>

Total Liabilities	28,795
	<hr/>

## NET POSITION:

Investment in Capital Assets	38,274
Unrestricted	106,914
	<hr/>

Total Net Position	\$ 145,188
	<hr/> <hr/>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Daily Sales - Reimbursable Programs	\$ 158,275
Daily Sales - Non Reimbursable Programs	39,569
Special Events	4,727
	<hr/>
Total Operating Revenue	202,571
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	100,985
Cost of Sales - Non Reimbursable Programs	25,246
Salaries, Benefits and Payroll Taxes	97,965
Purchased Property Services	14,730
Supplies and Materials	4,355
Depreciation Expense	5,003
	<hr/>
Total Operating Expenses	248,284
	<hr/>
Operating (Loss)	(45,713)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	41,443
Seamless Summer Option	3,216
Food Distribution Program	12,083
State Sources:	
School Lunch Program	2,639
Seamless Summer Option	51
Local Sources:	
Interest Revenue	2,102
	<hr/>
Total Non-Operating Revenue	61,534
	<hr/>
Change in Net Position	15,821
	<hr/>
Net Position - Beginning of Year	129,367
	<hr/>
Net Position - End of Year	\$ 145,188
	<hr/> <hr/>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 202,571
Payments to Food Service Vendor	(232,758)
Payments to Suppliers	<u>(4,802)</u>
Net Cash (Used for) Operating Activities	<u>(34,989)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	<u>(8,140)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(8,140)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>2,102</u>
Net Cash Provided by Investing Activities	<u>2,102</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	44,779
Seamless Summer Option	752
State Sources	
State School Lunch Program	2,847
Seamless Summer Option	<u>12</u>
Net Cash Provided by Noncapital Financing Activities	<u>48,390</u>
Net Increase in Cash and Cash Equivalents	7,363
Cash and Cash Equivalents, July 1	<u>115,673</u>
Cash and Cash Equivalents, June 30	<u>\$ 123,036</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (45,713)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	5,003
Federal Food Distribution Program	12,083
Changes in Assets and Liabilities:	
(Increase) in Inventories	(6,676)
(Decrease) in Accounts Payable	(13,545)
Increase in Unearned Revenue - Donated Commodities	1,172
Increase in Unearned Revenue- Prepaid Sales	<u>12,687</u>
Net Cash (Used for) Operating Activities	<u>\$ (34,989)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$13,255 and utilized commodities valued at \$12,083 for the fiscal year ended June 30, 2020.

**FIDUCIARY FUNDS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Student Activity Agency Fund</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 115,466	\$ 86,570	\$ 1,842
Total Assets	<u>115,466</u>	<u>86,570</u>	<u>1,842</u>
<b>LIABILITIES:</b>			
Due to Student Groups	78,290		
Technology Initiative	<u>37,176</u>		
Total Liabilities	<u>115,466</u>	<u>-0-</u>	<u>-0-</u>
<b>NET ASSETS:</b>			
Held in Trust for Unemployment Claims and Other Purposes		<u>86,570</u>	<u>1,842</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 86,570</u>	<u>\$ 1,842</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 20,857	\$ 8,970
Investment Earnings:		
Interest	1,464	131
Total Additions	<u>22,321</u>	<u>9,101</u>
DEDUCTIONS:		
Quarterly Contribution Reports	42,461	
Flexible Spending Claims		8,659
Total Deductions	<u>42,461</u>	<u>8,659</u>
Change in Net Position	(20,140)	442
Net Position - Beginning of the Year	<u>106,710</u>	<u>1,400</u>
Net Position - End of the Year	<u><u>\$ 86,570</u></u>	<u><u>\$ 1,842</u></u>



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 95,345	\$ 89,221	\$ 69,100	\$ 115,466
Total Assets	<u>\$ 95,345</u>	<u>\$ 89,221</u>	<u>\$ 69,100</u>	<u>\$ 115,466</u>
<b>LIABILITIES:</b>				
Due to Student Groups	\$ 74,243	\$ 66,427	\$ 62,380	\$ 78,290
Technology Initiative	<u>21,102</u>	<u>22,794</u>	<u>6,720</u>	<u>37,176</u>
Total Liabilities	<u>\$ 95,345</u>	<u>\$ 89,221</u>	<u>\$ 69,100</u>	<u>\$ 115,466</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Elementary Schools:				
Ann B. Smith	\$ 26	\$ 1		\$ 27
Meadowbrook	1,137	17		1,154
George G. White	73,080	66,409	\$ 62,380	77,109
Technology Initiative	<u>21,102</u>	<u>22,794</u>	<u>6,720</u>	<u>37,176</u>
Total All Schools	<u>\$ 95,345</u>	<u>\$ 89,221</u>	<u>\$ 69,100</u>	<u>\$ 115,466</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents		\$ 14,920,990	\$ 14,920,990	
Total Assets	\$ -0-	\$ 14,920,990	\$ 14,920,990	\$ -0-
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings		\$ 6,471,044	\$ 6,471,044	
Net Payroll		8,449,946	8,449,946	
Total Liabilities	\$ -0-	\$ 14,920,990	\$ 14,920,990	\$ -0-

**LONG-TERM DEBT**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Retired or Matured	Balance June 30, 2019	Balance June 30, 2020
			Date	Amount				
Refunding Bonds of 2012	12/4/2012	\$ 3,815,000	07/15/20	\$ 420,000	3.000%			
			07/15/21	425,000	4.000%			
			07/15/22	425,000	4.000%			
			07/15/23	365,000	4.000%			
						\$ 2,035,000	\$ 1,635,000	
						\$ 400,000	\$ 400,000	\$ 1,635,000
						\$ 2,035,000	\$ 2,035,000	\$ 1,635,000

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

Item	Interest Rate	Original Issue	Balance July 1, 2019	Matured	Balance June 30, 2020
Digital Copiers	3.90%	\$ 73,237	\$ 23,292	\$ 23,292	
		\$ .	\$ 23,292	\$ 23,292	\$ -0-

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 467,200		\$ 467,200	\$ 467,200	
Total Revenues	467,200		467,200	467,200	
EXPENDITURES:					
Regular Debt Service:					
Interest	67,200		67,200	67,200	
Redemption of Principal	400,000		400,000	400,000	
Total Regular Debt Service	467,200		467,200	467,200	
Total Expenditures	467,200		467,200	467,200	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	-0-		-0-	-0-	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District'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 District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District'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 District's current levels of outstanding debt and the District'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 District'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 District's operations and resources to help the reader understand how the District's financial information relates to the services the District 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.



BOROUGH OF HILLSDALE SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 8,413,381	\$ 8,922,103	\$ 9,483,673	\$ 10,312,427	\$ 10,968,957	\$ 11,651,357	\$ 11,763,797	\$ 12,118,748	\$ 12,267,265	\$ 12,227,331
Restricted	907,016	1,575,041	1,981,497	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,561,686
Unrestricted/(Deficit)	(727,755)	(755,515)	(186,751)	(4,342,929)	(3,663,287)	(4,230,049)	(4,862,881)	(4,432,924)	(4,294,331)	(4,336,909)
<b>Total Governmental Activities Net Position</b>	<b>\$ 8,592,642</b>	<b>\$ 9,741,629</b>	<b>\$ 11,278,419</b>	<b>\$ 7,939,837</b>	<b>\$ 8,733,911</b>	<b>\$ 9,243,896</b>	<b>\$ 9,147,893</b>	<b>\$ 9,255,806</b>	<b>\$ 9,368,683</b>	<b>\$ 10,452,108</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 58,306	\$ 79,228	\$ 35,798	\$ 31,820	\$ 27,843	\$ 42,287	\$ 37,975	\$ 39,559	\$ 35,137	\$ 38,274
Unrestricted			64,102	66,786	77,893	70,253	83,746	88,112	94,230	106,914
<b>Total Business-Type Activities Net Position</b>	<b>\$ 58,306</b>	<b>\$ 79,228</b>	<b>\$ 99,900</b>	<b>\$ 98,606</b>	<b>\$ 105,736</b>	<b>\$ 112,540</b>	<b>\$ 121,721</b>	<b>\$ 127,671</b>	<b>\$ 129,367</b>	<b>\$ 145,188</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 8,413,381	\$ 8,922,103	\$ 9,519,471	\$ 10,344,247	\$ 10,996,800	\$ 11,693,644	\$ 11,801,772	\$ 12,158,307	\$ 12,302,402	\$ 12,265,605
Restricted	907,016	1,575,041	1,981,497	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,561,686
Unrestricted/(Deficit)	(669,449)	(676,287)	(122,649)	(4,276,143)	(3,585,394)	(4,159,796)	(4,779,135)	(4,344,812)	(4,200,101)	(4,229,995)
<b>Total District Net Position</b>	<b>\$ 8,650,948</b>	<b>\$ 9,820,857</b>	<b>\$ 11,378,319</b>	<b>\$ 8,038,443</b>	<b>\$ 8,839,647</b>	<b>\$ 9,356,436</b>	<b>\$ 9,269,614</b>	<b>\$ 9,383,477</b>	<b>\$ 9,498,050</b>	<b>\$ 10,597,296</b>

Source: School District Financial Reports.

**BOROUGH OF HILLSDALE SCHOOL DISTRICT**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**

*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 9,229,404	\$ 9,541,595	\$ 9,793,799	\$ 9,504,701	\$ 11,373,913	\$ 12,628,594	\$ 14,152,914	\$ 13,503,362	\$ 15,322,811	\$ 13,594,644
Special Education	2,307,783	2,483,404	2,627,118	2,358,597	3,588,169	3,577,721	4,219,712	4,044,204	3,933,547	3,996,199
Other Special Instruction	205,686	203,890	213,159	282,164	298,466	212,912	242,666	258,652	347,345	354,079
Other Instruction	161,495	165,441	169,998	110,985	133,354	151,824	143,702	134,172	149,514	134,463
<b>Support Services:</b>										
Tuition	516,478	658,318	723,776	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946
Student & Instruction Related Services	3,024,931	3,107,714	3,082,801	3,426,546	3,645,631	3,868,747	4,302,335	4,603,753	3,696,079	4,546,812
General Administrative Services	547,326	456,380	487,398	496,940	434,410	681,974	470,098	492,180	539,732	596,070
School Administrative Services	947,395	927,761	1,004,647	961,813	1,019,201	1,185,445	1,339,033	1,295,007	1,327,535	1,322,299
Central Services	445,344	418,417	447,184	467,903	413,524	422,260	411,762	400,619	485,385	444,504
Administration Information Technology	123,015	134,255	123,289	145,762	122,673	123,939	135,179	156,401	138,965	134,420
Plant Operations and Maintenance	1,721,396	1,757,798	1,812,188	2,035,440	2,170,695	1,959,349	2,323,710	2,048,386	2,279,929	2,201,262
Pupil Transportation	546,936	421,176	468,777	456,756	470,899	419,228	464,553	515,896	547,885	492,007
Special Schools	7,500	5,542	25,025	23,412	29,219	32,428	22,904	15,843	44,986	30,084
Capital Outlay	11,075	15,763	70,066	117,656	129,642	32,703	21,633	21,633	21,636	22,133
Interest on Long-term Debt	257,666	243,304	259,439	160,953	71,891	122,194	102,177	83,820	72,163	57,455
Unallocated Depreciation	319,830	319,830	338,499	346,453	391,737	392,898	393,490	418,603	418,603	423,529
<b>Total Governmental Activities Expenses</b>	<b>20,373,260</b>	<b>20,860,588</b>	<b>21,647,163</b>	<b>22,013,721</b>	<b>24,990,244</b>	<b>26,698,109</b>	<b>29,614,150</b>	<b>28,631,136</b>	<b>29,982,238</b>	<b>29,192,906</b>
<b>Business-Type Activities:</b>										
Food Service	309,133	319,070	293,915	295,750	268,503	280,648	286,247	292,960	315,683	248,284
<b>Total Business-Type Activities Expenses</b>	<b>309,133</b>	<b>319,070</b>	<b>293,915</b>	<b>295,750</b>	<b>268,503</b>	<b>280,648</b>	<b>286,247</b>	<b>292,960</b>	<b>315,683</b>	<b>248,284</b>
<b>Total District Expenses</b>	<b>20,682,393</b>	<b>21,179,658</b>	<b>21,941,078</b>	<b>22,309,471</b>	<b>25,258,747</b>	<b>26,978,757</b>	<b>29,900,397</b>	<b>28,924,096</b>	<b>30,297,921</b>	<b>29,441,190</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition	79,930	73,528	74,466	63,496	20,600	23,400	27,200	28,100	44,424	57,200
Transportation	2,214,421	3,004,472	3,466,990	3,284,353	5,844,311	6,845,870	8,743,572	7,690,295	8,394,630	7,952,651
Operating Grants and Contributions										
<b>Total Governmental Activities Program Revenues</b>	<b>2,294,351</b>	<b>3,110,100</b>	<b>3,559,896</b>	<b>3,375,324</b>	<b>5,892,191</b>	<b>6,895,945</b>	<b>8,796,377</b>	<b>7,778,925</b>	<b>8,491,534</b>	<b>8,075,341</b>

**BOROUGH OF HILLSDALE SCHOOL DISTRICT**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Program Revenues: (Cont'd)</b>										
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	\$ 252,381	\$ 252,942	\$ 241,529	\$ 222,363	\$ 201,275	\$ 200,126	\$ 222,866	\$ 222,095	\$ 235,963	\$ 202,571
Operating Grants and Contributions	74,018	86,646	72,658	71,674	74,034	74,646	72,124	76,220	79,372	59,432
Total Business-Type Activities Revenues	326,399	339,588	314,187	294,037	275,309	274,772	294,990	298,315	315,335	262,003
Total District Program Revenues	2,620,750	3,449,688	3,874,083	3,669,361	6,167,500	7,170,717	9,091,367	8,077,240	8,806,869	8,337,344
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(18,078,909)	(17,750,488)	(18,087,267)	(18,638,397)	(19,098,053)	(19,802,164)	(20,817,773)	(20,852,211)	(21,490,704)	(21,117,565)
Business-Type Activities	17,266	20,518	20,272	(1,713)	6,806	(5,876)	8,743	5,355	(348)	13,719
Total District Net (Expense)/Revenue	(18,061,643)	(17,729,970)	(18,066,995)	(18,640,110)	(19,091,247)	(19,808,040)	(20,809,030)	(20,846,856)	(21,491,052)	(21,103,846)
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	17,656,850	18,000,000	18,354,600	18,716,186	19,084,895	19,460,866	19,850,082	20,442,524	21,051,711	21,472,745
Taxes Levied for Debt Service	747,305	795,506	801,388	766,468	727,174	728,242	699,542	460,300	463,975	467,200
Unrestricted Grants and Contributions	190,801	33,050	55,124	39,517	37,670	37,588	48,991	46,424	65,595	67,592
Interest and Miscellaneous Income	31,207	126,513	352,945	95,244	42,388	85,453	59,853	3,085	22,300	43,301
Cancellation of Prior Year Accounts Payable							63,302	7,791		150,152
Debt Service Contribution			60,000							
Total Governmental Activities	18,626,163	18,955,069	19,624,057	19,617,415	19,892,127	20,312,149	20,721,770	20,960,124	21,603,581	22,200,990
<b>Business-Type Activities:</b>										
Investment Earnings	719	404	400	419	324	359	438	595	2,044	2,102
Special Item - Capital Asset Valuation Adjustment						12,321				
Total Business-Type Activities	719	404	400	419	324	12,680	438	595	2,044	2,102
Total District	18,626,882	18,955,473	19,624,457	19,617,834	19,892,451	20,324,829	20,722,208	20,960,719	21,605,625	22,203,092
<b>Change in Net Position:</b>										
Governmental Activities	547,254	1,204,581	1,536,790	979,017	794,074	509,985	(96,003)	107,913	112,877	1,083,425
Business-Type Activities	17,985	20,922	20,672	(1,294)	7,130	6,804	9,181	5,950	1,696	15,821
Total District	\$ 565,239	\$ 1,225,503	\$ 1,557,462	\$ 977,723	\$ 801,204	\$ 516,789	\$ (86,822)	\$ 113,863	\$ 114,573	\$ 1,099,246

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)  
 UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 906,856	\$ 967,963	\$ 1,971,465	\$ 1,960,312	\$ 1,428,241	\$ 1,822,588	\$ 2,246,977	\$ 1,569,982	\$ 1,395,749	\$ 2,561,686
Assigned		787,059	759,369	912,811	1,053,311	819,737	550,517	1,382,629	1,425,918	1,347,524
Unassigned	358,950	335,378	307,654	322,693	852,958	693,252	723,212	359,064	465,428	377,320
<b>Total General Fund</b>	<b>\$ 1,265,806</b>	<b>\$ 2,090,400</b>	<b>\$ 3,038,488</b>	<b>\$ 3,195,816</b>	<b>\$ 3,334,510</b>	<b>\$ 3,335,577</b>	<b>\$ 3,520,706</b>	<b>\$ 3,311,675</b>	<b>\$ 3,287,095</b>	<b>\$ 4,286,530</b>
All Other Governmental Funds:										
Restricted	\$ 160	\$ 262	\$ 10,032	\$ 10,027	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Total All Other Governmental Funds</b>	<b>\$ 160</b>	<b>\$ 262</b>	<b>\$ 10,032</b>	<b>\$ 10,027</b>	<b>\$ 440</b>	<b>\$ 277</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Tax Levy	\$ 18,404,155	\$ 18,795,506	\$ 19,155,988	\$ 19,482,654	\$ 19,812,069	\$ 20,189,108	\$ 20,549,624	\$ 20,902,824	\$ 21,515,686	\$ 21,939,945
Tuition Charges	79,930	73,528	74,466	63,496	20,600	23,400	27,200	28,100	44,424	57,200
Miscellaneous	41,635	130,960	68,780	230,223	258,533	88,252	156,753	137,427	160,234	199,685
State Sources	1,952,968	2,581,855	3,123,355	2,825,895	3,137,430	3,494,340	3,738,491	4,346,494	4,911,238	5,116,593
Federal Sources	441,826	483,320	411,372	390,472	416,715	481,702	470,628	473,283	494,183	454,447
<b>Total Revenues</b>	<b>20,920,514</b>	<b>22,065,169</b>	<b>22,833,961</b>	<b>22,992,740</b>	<b>23,645,347</b>	<b>24,276,802</b>	<b>24,942,696</b>	<b>25,888,128</b>	<b>27,125,765</b>	<b>27,767,870</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	6,691,608	6,813,723	6,987,423	6,873,450	6,868,712	7,268,204	7,305,761	7,394,609	8,048,601	7,722,593
Special Education Instruction	1,755,788	1,889,936	1,934,693	1,709,357	2,382,651	2,038,344	2,154,956	2,187,091	2,148,818	2,212,043
Other Special Instruction	145,780	143,986	147,227	197,723	176,454	118,476	120,724	138,446	187,009	194,472
Other Instruction	118,810	121,489	120,739	84,530	84,377	92,413	75,232	74,801	86,322	81,650
<b>Support Services:</b>										
Tuition	516,478	658,318	723,776	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946
Student & Instruction Related Services	2,575,767	2,603,889	2,537,006	2,918,460	3,024,974	3,190,222	3,515,336	3,866,607	3,754,080	3,708,873
General Administrative Services	467,255	411,962	434,825	441,756	385,227	593,166	417,295	439,840	454,515	505,561
School Administrative Services	696,932	723,611	733,341	714,191	687,743	733,611	744,544	764,020	775,182	794,508
Central Services	334,949	334,878	340,558	337,922	312,115	316,152	301,232	291,194	305,503	312,478
Administration Information Technology	1,594,927	1,625,424	1,681,216	1,883,900	1,995,186	1,776,992	1,211,111	141,475	119,553	118,261
Plant Operations and Maintenance	527,000	407,054	454,655	437,422	448,859	405,106	450,431	1,869,099	2,065,331	2,027,896
Pupil Transportation	4,151,182	4,235,374	4,657,670	4,481,223	4,874,075	5,360,586	5,839,206	6,619,474	7,176,578	7,309,265
Unallocated Benefits	6,000	4,500	20,490	19,136	23,657	26,206	17,943	12,521	33,983	22,798
Special Schools	94,795	591,802	294,443	713,822	704,397	626,806	58,254	578,331	341,009	120,158
Capital Outlay										
Debt Service:										
Principal	545,000	570,000	590,000	605,000	595,000	605,000	595,000	370,000	385,000	400,000
Interest and Other Charges	249,863	230,972	199,916	166,814	146,858	128,175	109,095	90,300	78,975	67,200
<b>Total Expenditures</b>	<b>20,582,608</b>	<b>21,490,473</b>	<b>21,967,095</b>	<b>22,835,417</b>	<b>23,516,240</b>	<b>24,275,898</b>	<b>24,821,146</b>	<b>26,178,187</b>	<b>27,150,345</b>	<b>26,918,587</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>337,906</b>	<b>574,696</b>	<b>866,866</b>	<b>157,323</b>	<b>129,107</b>	<b>904</b>	<b>121,550</b>	<b>(290,059)</b>	<b>(24,580)</b>	<b>849,283</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Transfers In	3	3	4	\$	3	4	\$	13	\$	79
Transfers Out	(3)	(3)	(4)		(3)	(4)		(13)		(79)
Refunded Bond Issued			3,815,000							
Bonds Defeased			(4,074,000)							
Bond Premium			421,311							
Bond Issuance Cost			(75,688)							
Deferred Interest			(153,824)							
Debt Service Contribution			60,000							
Insurance Reimbursement			98,193							
Capital Lease (Non-Budgeted)		250,000					63,302	73,237		150,152
Cancellation of Prior Year Accounts Payable								7,791		
Total Other Financing Sources (Uses)	-0-	250,000	90,992	-0-	-0-	-0-	63,302	81,028	-0-	150,152
Net Change in Fund Balances	\$ 337,906	\$ 824,696	\$ 957,858	\$ 157,323	\$ 129,107	\$ 904	\$ 184,852	\$ (209,031)	\$ (24,580)	\$ 999,435
Debt Service as a Percentage of Noncapital Expenditures	4.0 %	3.9 %	3.8 %	3.6 %	3.4 %	3.2 %	2.9 %	1.8 %	1.8 %	1.8 %

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
*(modified accrual basis of accounting)*  
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2011	\$ 19,531	\$ 79,930		\$ 22,104	\$ 121,565
2012	8,579	73,528	\$ 32,100	85,831	200,038
2013	9,998	74,466	18,440	34,511	137,415
2014	11,190	63,496	27,475	56,577	158,738
2015	9,963	20,600	27,280	5,141	62,984
2016	10,630	23,400	23,675	51,135	108,840
2017	6,167	27,200	25,605	53,653	112,625
2018	2,558	28,100	60,530	448	91,636
2019	3,472	44,424	52,480	18,691	119,067
2020	17,102	57,200	65,490	26,104	165,896

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Direct School Tax Rate <sup>b</sup>	Total School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2010	\$ 12,081,100	\$ 1,821,417,700	\$ 745,000	\$ 13,100	\$ 109,231,600	\$ 14,315,500	\$ 1,995,300	\$ 1,959,799,300	\$ 152,871,400	\$ 8,382,930	\$ 1,968,182,230	\$ 0.91	\$ 0.91	\$ 2,058,164,361
2011	15,864,900	1,816,573,400	745,000	13,100	108,901,100	13,747,600	1,995,300	1,957,840,400	153,960,400	8,579,677	1,966,420,077	0.95	0.95	1,952,438,002
2012	15,382,100	1,809,213,560	745,000	13,100	106,992,800	13,747,600	1,995,300	1,948,089,460	153,491,400	8,428,811	1,956,518,271	0.97	0.97	1,893,124,566
2013	* 11,462,800	1,543,338,400	676,200	12,200	97,389,700	12,029,100	4,959,700	1,669,868,100	140,637,400	6,484,341	1,676,352,441	1.15	1.15	1,760,985,490
2014	10,606,300	1,543,881,100	621,800	12,200	97,025,800	12,029,100	4,959,700	1,669,136,000	140,724,900	5,466,941	1,674,602,941	1.17	1.17	1,810,828,300
2015	10,606,300	1,544,839,900	621,800	12,200	96,902,400	12,029,100	4,959,700	1,669,971,400	140,595,200	5,459,352	1,675,430,752	1.19	1.19	1,778,154,309
2016	10,541,400	1,547,451,500	621,800	12,200	96,611,800	12,029,100	4,959,700	1,672,227,500	140,242,900	5,840,947	1,678,068,447	1.22	1.22	1,797,317,792
2017	10,204,700	1,550,344,000	621,800	12,200	96,744,900	12,029,100	4,959,700	1,674,916,400	140,448,700	5,839,516	1,680,755,916	1.24	1.24	1,819,081,316
2018	14,139,500	1,553,102,200	621,800	12,200	94,928,700	12,029,100	4,959,700	1,679,793,200	140,448,700	5,873,563	1,685,666,563	1.26	1.26	1,813,645,677
2019	12,551,900	1,559,712,900	621,800	12,200	94,786,700	12,029,100	4,959,700	1,684,674,300	140,445,900	5,809,640	1,690,483,940	1.28	1.28	1,879,223,781

\* Revaluation Year.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100

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.

Source: Municipal Tax Assessor



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
*(rate per \$100 of assessed value)*  
UNAUDITED

Year Ended December 31,	Borough of Hillsdale School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hillsdale	Pascack Valley Regional High School District	Bergen County	
2010	\$ 0.87	\$ 0.04	\$ 0.91	\$ 0.42	\$ 0.51	\$ 0.20	\$ 2.04
2011	0.91	0.04	0.95	0.43	0.53	0.21	2.11
2012	0.93	0.04	0.97	0.44	0.54	0.21	2.16
2013	* 1.11	0.05	1.15	0.53	0.65	0.24	2.57
2014	1.13	0.04	1.17	0.54	0.65	0.25	2.61
2015	1.15	0.04	1.19	0.55	0.63	0.26	2.63
2016	1.18	0.04	1.22	0.56	0.68	0.26	2.71
2017	1.21	0.03	1.24	0.57	0.68	0.27	2.76
2018	1.23	0.03	1.26	0.58	0.70	0.26	2.80
2019	1.25	0.03	1.28	0.60	0.75	0.27	2.90

\* Revaluation Year.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

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.

Source: Municipal Tax Collector and School Business Administrator

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2020		2011			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
New Creek LLC		\$ 11,472,700	0.68 %	Prima II LLC	\$ 10,483,100	0.53 %
Cross Roads - Hillsdale Association LLC		9,126,400	0.54 %	Cross Roads - Hillsdale Association LLC	9,502,100	0.48 %
New Jersey Bell		5,888,257	0.35 %	New Jersey Bell	8,676,887	0.44 %
Public Service Electric and Gas, Co.		3,100,000	0.18 %	Edgewood Country Club, Inc.	3,880,800	0.20 %
Edgewood Golf Course Realty Assoc., LLC		3,069,400	0.18 %	New Jersey Bell	3,365,700	0.17 %
Pavonia Equities, LP		3,008,100	0.18 %	Golden Orchard Associates, LP	3,333,200	0.17 %
Marsala Enterprises		2,651,000	0.16 %	Bank of America	2,547,400	0.13 %
100 Park Ave Associates, LLC		2,560,000	0.15 %	321 Broadway Associates, LLC	3,170,100	0.16 %
New Jersey Bell, Gen. Tax Adm.		2,400,000	0.14 %	Marsala Enterprises	2,710,100	0.14 %
371 Retail Associates, LLC		2,200,000	0.13 %	U.S.A Waste C/O Waste Management	2,278,400	0.12 %
Total		\$ 45,475,857	2.69 %	Total	\$ 49,947,787	2.54 %

Note - a revaluation of the Borough was effective in 2013.

Source: Municipal Tax Assessor

BOROUGH OF HILLSDALE 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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 18,404,155	\$ 18,404,155	100.00 %	-0-
2012	18,795,506	18,795,506	100.00 %	-0-
2013	19,155,988	19,155,988	100.00 %	-0-
2014	19,482,654	19,482,654	100.00 %	-0-
2015	19,812,069	19,812,069	100.00 %	-0-
2016	20,189,108	20,189,108	100.00 %	-0-
2017	20,549,624	20,549,624	100.00 %	-0-
2018	20,902,824	20,902,824	100.00 %	-0-
2019	21,515,686	21,515,686	100.00 %	-0-
2020	21,939,945	21,939,945	100.00 %	-0-

<sup>a</sup> 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: Borough of Hillsdale School District records, including the Certificate and Report of Report of School Taxes (A4F form).

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Business -Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2011	\$ 6,609,000	\$ -0-	\$ 63,847	\$ -0-	\$ -0-	\$ 6,672,847	1.02 %	\$ 654.65
2012	6,039,000	-0-	164,502	-0-	-0-	6,203,502	0.92 %	605.40
2013	5,190,000	-0-	83,338	-0-	-0-	5,273,338	0.74 %	511.18
2014	4,585,000	-0-	-0-	-0-	-0-	4,585,000	0.61 %	443.25
2015	3,990,000	-0-	-0-	-0-	-0-	3,990,000	0.54 %	385.32
2016	3,385,000	-0-	-0-	-0-	-0-	3,385,000	0.44 %	326.14
2017	2,790,000	-0-	-0-	-0-	-0-	2,790,000	0.35 %	269.18
2018	2,420,000	-0-	47,771	-0-	-0-	2,467,771	0.30 %	237.70
2019	2,035,000	-0-	23,292	-0-	-0-	2,058,292	0.24 %	198.98
2020	1,635,000	-0-	-0-	-0-	-0-	1,635,000	0.18 %	158.63

<sup>a</sup> 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 6,609,000	\$ -0-	\$ 6,609,000	0.34 %	648.39
2012	6,039,000	-0-	6,039,000	0.31 %	589.34
2013	5,190,000	-0-	5,190,000	0.27 %	503.10
2014	4,585,000	-0-	4,585,000	0.27 %	443.25
2015	3,990,000	-0-	3,990,000	0.24 %	385.32
2016	3,385,000	-0-	3,385,000	0.20 %	326.14
2017	2,790,000	-0-	2,790,000	0.17 %	269.18
2018	2,420,000	-0-	2,420,000	0.14 %	233.10
2019	2,035,000	-0-	2,035,000	0.12 %	196.73
2020	1,635,000	-0-	1,635,000	0.10 %	158.63

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

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

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

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Hillsdale	\$ 3,798,002	100.00 %	\$ 3,798,002
Bergen County General Obligation Debt	855,378,427	1.04 %	<u>8,923,126</u>
Subtotal, Overlapping Debt			12,721,128
Borough of Hillsdale School District Direct Debt			<u>1,635,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 14,356,128</u></u>

<sup>a</sup> 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 another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Hillsdale. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

Year Ended December 31,	Equalized Valuation Basis
2017	\$ 1,797,319,990
2018	3,373,422,601
2019	1,840,342,593
	<u>\$ 7,011,085,184</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,337,028,395</u>
Debt Limit (3% of Average Equalization Value) <sup>a</sup>	\$ 70,110,852
Net Bonded School Debt at June 30, 2020	<u>1,635,000</u>
Legal Debt Margin	<u>\$ 68,475,852</u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 60,432,379	\$ 58,586,075	\$ 56,674,630	\$ 55,286,435	\$ 54,068,112
Total Net Debt Applicable to Limit	<u>7,154,000</u>	<u>6,039,000</u>	<u>5,190,000</u>	<u>4,585,000</u>	<u>3,990,000</u>
Legal Debt Margin	<u>\$ 53,278,379</u>	<u>\$ 52,547,075</u>	<u>\$ 51,484,630</u>	<u>\$ 50,701,435</u>	<u>\$ 50,078,112</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.84 %	10.31 %	9.16 %	8.29 %	7.38 %

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 53,567,528	\$ 53,410,421	\$ 53,816,585	\$ 69,577,611	\$ 70,110,852
Total Net Debt Applicable to Limit	<u>3,385,000</u>	<u>2,790,000</u>	<u>2,420,000</u>	<u>2,035,000</u>	<u>1,635,000</u>
Legal Debt Margin	<u>\$ 50,182,528</u>	<u>\$ 50,620,421</u>	<u>\$ 51,396,585</u>	<u>\$ 67,542,611</u>	<u>\$ 68,475,852</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.32 %	5.22 %	4.50 %	2.92 %	2.33 %

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Bergen County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	10,247	\$ 707,586,091	\$ 69,053	5.80%
2012	10,316	744,320,032	72,152	5.90%
2013	10,344	741,447,576	71,679	6.20%
2014	10,355	770,950,460	74,452	4.70%
2015	10,379	806,095,414	77,666	4.00%
2016	10,365	820,337,925	79,145	4.00%
2017	10,382	845,956,506	81,483	3.80%
2018	10,344	889,077,144	85,951	3.30%
2019	10,307	885,896,957	85,951 **	2.80%
2020	10,307 *	885,896,957 ***	85,951 **	N/A

\* - Latest Bergen County population available (2019) was used for calculation purposes.

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

\*\*\*- Latest available population data (2019) and latest Bergen County per capita personal income (2018) was used for calculation purposes

N/A - Not Available

Source:

- <sup>a</sup> Population information provided by the US Department of Census - Population Division.
- <sup>b</sup> Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- <sup>c</sup> Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

NOT AVAILABLE

NOTE: The District was unsuccessful in its attempt to obtain information regarding the principal employers of the Borough.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	87.10	87.10	87.15	87.15	89.15	89.15	89.15	90.10	90.50	89.75
Special Education	47.20	49.20	53.00	53.00	54.25	56.25	57.25	58.00	26.10	53.47
Support Services:										
Student & Instruction Related Services	22.80	22.80	25.74	25.74	25.74	25.74	25.74	26.74	26.74	26.82
General Administrative Services	3.60	3.60	2.50	2.50	2.50	3.00	3.00	3.00	3.00	2.60
School Administrative Services	7.80	7.80	8.00	8.00	8.00	9.00	10.00	9.50	9.50	7.55
Central Services	6.00	6.00	6.00	6.00	6.00	3.00	2.00	2.00	2.00	3.00
Plant Operations and Maintenance	9.93	9.93	10.30	10.30	10.30	10.30	10.30	5.00	5.00	5.00
<b>Total</b>	<u>184.43</u>	<u>186.43</u>	<u>192.69</u>	<u>192.69</u>	<u>195.94</u>	<u>196.44</u>	<u>197.44</u>	<u>194.34</u>	<u>162.84</u>	<u>188.19</u>

Source: District Personnel Records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Meadowbrook	Smith	Middle School White				
2011	1,416	\$ 19,692,950	\$ 13,907	2.39 %	114	1:10.0	1:10.5	1:11.0	1,407	1,356	0.00 %	96.38 %
2012	1,394	20,097,699	14,417	3.67 %	112	1:09.5	1:10.0	1:11.0	1,394	1,345	-0.92 %	96.48 %
2013	1,337	20,882,736	15,619	8.34 %	116	1:10.0	1:10.5	1:11.0	1,334	1,281	-4.30 %	96.03 %
2014	1,300	21,349,781	16,423	5.15 %	119	1:10.0	1:10.5	1:11.0	1,305	1,256	-2.17 %	96.25 %
2015	1,257	22,107,748	17,588	7.09 %	119	1:10.0	1:10.5	1:11.0	1,253	1,207	-3.98 %	96.33 %
2016	1,181	22,915,917	19,404	10.33 %	124	1:9.5	1:9.5	1:9.0	1,179	1,136	-5.91 %	96.35 %
2017	1,189	24,058,797	20,234	4.28 %	122	1:9.5	1:9.5	1:9.5	1,187	1,136	0.68 %	95.70 %
2018	1,149	25,139,556	21,880	8.13 %	124	1:9.4	1:9.4	1:9.4	1,149	1,102	-3.20 %	95.91 %
2019	1,140	26,345,361	23,110	5.62 %	135	1:9.5	1:9.4	1:9.4	1,135	1,089	-1.22 %	95.95 %
2020	1,104	26,331,229	23,851	3.21 %	134	1:9.3	1:9.3	1:9.3	1,109	1,080	-2.29 %	97.39 %

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Meadowbrook School (1962)										
Square Feet	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	390	366	256	337	327	327	319	319	319	319
Smith School (1956)										
Square Feet	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950
Capacity (students)	464	465	465	465	465	465	465	465	465	465
Enrollment	408	378	351	333	309	309	294	294	290	290
White School (1922)										
Square Feet	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370
Capacity (students)	752	752	752	752	752	752	752	752	752	752
Enrollment	618	650	630	630	621	621	576	576	531	531
Board Office (1999)										
Square Feet	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820

Number of Schools at June 30, 2020  
 Elementary = 2  
 Middle School = 1  
 Other = 1

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

Source: Borough of Hillsdale School District Board Office.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Undistributed Expenditures - Required Maintenance  
 For School Facilities - Account #11-000-261-XXXX:

School Facilities*	Project # (s)	Fiscal Year Ending June 30,									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ann Blanche Smith	N/A	\$ 62,510	\$ 73,140	\$ 85,800	\$ 91,762	\$ 95,321	\$ 84,790	\$ 93,033	\$ 91,002	\$ 89,466	\$ 101,150
George G. White	N/A	112,532	122,147	137,026	161,305	206,640	102,914	327,830	114,179	148,191	172,261
Meadowbrook	N/A	53,713	63,135	82,643	84,917	90,214	73,428	105,413	87,834	97,056	101,174
Total School Facilities		228,755	258,422	305,469	337,984	392,175	261,132	526,276	293,015	334,713	374,585
<u>Other Facilities</u>											
Board Office	N/A	6,738	13,588	5,220	5,585	8,301	6,967	8,936	10,242	14,150	20,676
Grand Total		\$ 235,493	\$ 272,010	\$ 310,689	\$ 343,569	\$ 400,476	\$ 268,099	\$ 535,212	\$ 303,257	\$ 348,863	\$ 395,261

N/A - Not Applicable.

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

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Special Multi Peril - Great American Insurance Company:		
General Liability:		
General Aggregate	\$ 2,000,000	
Products and Completed Operations	2,000,000	
Personal and Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability Limit	1,000,000	
Medical Expense	5,000	
Commercial Property Coverage:		
Flood and Earthquake	5,000,000	\$ 50,000
Flood: Within Flood Hazard Area	1,000,000	500,000
Extra Expense	5,000,000	
Building Ordinance Demolition Cost	2,000,000	
Increase Cost of Construction	2,000,000	
Valuable Papers and Records	5,000,000	
Computer Equipment	2,500,000	
Boiler and Machinery:		
Expediting Expenses	250,000	
Hazardous Substances	250,000	
Spoilage	250,000	
Crime:		
Blanket Employee Dishonesty - Per Employee	100,000	5,000
Blanket Employee Dishonesty - Per Loss (Excess)	400,000	
Form B Forgery or Alteration	50,000	1,000
Commercial Automobile - Selective Way Insurance Company:		
Liability	1,000,000	5,000
Personal Injury Protection		250
Medical Payments	10,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
Comprehensive		1,000
Collision		1,000
School Board Legal Liability:		
Educator's Legal Liability/Employment Practices Liability	1,000,000	
Excess Workers' Compensation - Starl Insurance Co.:		
Each Accident	1,000,000	
Each Employee	1,000,000	
Policy Limit	1,000,000	
Commercial Umbrella Excess - American Alternatives Insurance Company:		
Per Occurrence	9,000,000	
Aggregate Limit	9,000,000	
Retention	10,000	
Ohio Casualty Group		
Surety Bonds:		
Treasurer	225,000	
Board Secretary/Business Administrator	225,000	

Source: Borough of Hillsdale School District records.

**SINGLE AUDIT SECTION**



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

Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Borough of Hillsdale School District  
County of Bergen, 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 Borough of Hillsdale School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

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

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

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



The Honorable President and Members  
of the Board of Education  
Borough of Hillsdale 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
December 11, 2020

NISIVOCIA LLP

*Francis Jones of Nisivoccia LLP*  
Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant



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  
Borough of Hillsdale School District  
County of Bergen, New Jersey

**Report on Compliance for Each Major State Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

***Opinion on Each Major State Program***

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

**Report on Internal Control Over Compliance**

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

Mount Arlington, New Jersey  
December 11, 2020

NISIVOCIA LLP

*Francis Jones of Nisivoccia LLP*  
Francis Jones  
Licensed Public School Accountant #1154  
Certified Public Accountant

**BOROUGH OF HILLSDALE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Prior Year Encumbrances Canceled	Balance at June 30, 2020		Amount Provided to Subrecipients
			From	To		Unearned Revenue/(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Unearned Revenue	
<b>General Fund:</b>													
U. S. Department of Health and Human Services:													
Passed-Through State Department of Human Services:													
Medicaid Cluster:													
Medicaid Assistance Program	93.778	N/A	7/01/19	6/30/20	\$ 19,809		\$ 3,819	\$ (3,819)					
Total General Fund													
<b>Special Revenue Fund:</b>													
U.S. Department of Education -													
Passed-through State Department of Education:													
Elementary and Secondary Education Act:													
Title I, Part A	84-010A	ESEA-2180-20	7/1/19	9/30/20	104,151		92,909	(103,588)		\$ 5,402	\$ (10,679)		
Title I, Part A	84-010A	ESEA-2180-19	7/1/18	9/30/19	110,425		31,277	(103,588)		5,402	(10,679)	\$ 5,402	
Total Title I							124,186	(32,460)			(5,532)		
Title II - Part A	84-367A	ESEA-2180-20	7/1/19	9/30/20	32,392		26,928	(32,460)					
Title II - Part A	84-367A	ESEA-2180-19	7/1/18	9/30/19	41,712		15,323	(32,460)					
Total Title II							42,251	(5,945)			(5,945)		
COVID-19 CARES Emergency Relief	84-425	ESEA-2180-20	3/13/20	9/30/22	82,483			(5,945)					
Total COVID-19 CARES Emergency Relief													
Special Education Cluster:													
L.D.E.A. Part B, Basic	84-027	IDEA-2180-20	7/1/19	9/30/20	284,520		284,520	(280,992)				3,528	
L.D.E.A. Part B, Basic	84-027	IDEA-2180-19	7/1/18	9/30/19	300,592		26,314	(28,353)		40		40	
L.D.E.A. Part B, Preschool	84-173	IDEA-2180-20	7/1/19	9/30/20	28,353		28,353	(28,353)					
L.D.E.A. Part B, Preschool	84-173	IDEA-2180-19	7/1/18	9/30/19	29,534		26,839	(309,345)		40		3,568	
Total Special Education Cluster							366,026	(451,338)			(22,156)	8,970	
Total U.S. Department of Education							532,463	(451,338)		5,442	(22,156)	8,970	
Total Special Revenue Fund							532,463	(451,338)		5,442	(22,156)	8,970	
<b>Enterprise Fund</b>													
U.S. Department of Agriculture -													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/19	6/30/20	13,255		13,255	(9,170)			\$ 4,085		
Federal Food Distribution Program	10.555	N/A	7/1/18	6/30/19	15,327		2,913	(2,913)					
National School Lunch Program	10.555	N/A	7/1/19	6/30/20	41,443		41,443	(41,443)					
National School Lunch Program	10.555	N/A	7/1/18	6/30/19	59,465		3,336	(3,216)					
COVID-19 - Seamless Summer Option	10.555	N/A	3/1/20	6/30/20	3,216		752	(56,742)			(2,464)		
Total Child Nutrition Cluster							58,786	(56,742)			(2,464)	4,085	
Total U.S. Department of Agriculture							58,786	(56,742)			(2,464)	4,085	
Total Enterprise Fund							58,786	(56,742)			(2,464)	4,085	
TOTAL FEDERAL AWARDS							\$ 595,068	\$ (511,899)		\$ 5,442	\$ (24,620)	\$ 4,085	\$ -0-

N/A - Not Available/Applicable

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO			
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	GAAP Unearned Revenue/ (Accounts Receivable)		Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Equalization Aid	20-495-034-5120-078	7/1/19	6/30/20	\$ 11,741			\$ 10,593	\$ (11,741)			\$ 1,148	\$ 11,741		
Transportation Aid	20-495-034-5120-014	7/1/19	6/30/20	126,575			114,196	(126,575)			12,379	126,575		
Special Education Categorical Aid	20-495-034-5120-089	7/1/19	6/30/20	787,755			710,715	(787,755)			77,040	787,755		
Security Aid	20-495-034-5120-084	7/1/19	6/30/20	55,927			50,457	(55,927)			5,470	55,927		
Extraordinary Special Education Costs	20-495-034-5120-044	7/1/19	6/30/20	149,168				(149,168)	\$ (149,168)			149,168		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19	6/30/20	801,262			761,439	(801,262)	(39,823)		39,823	801,262		
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19	6/30/20	822,598				(822,598)				822,598		
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-001	7/1/19	6/30/20	1,616				(1,616)				1,616		
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19	6/30/20	2,178,312				(2,178,312)				2,178,312		
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	39,044				(39,044)				39,044		
Special Education Categorical Aid	19-495-034-5120-089	7/1/18	6/30/19	742,271			71,760	(742,271)				742,271		
Extraordinary Special Education Costs	19-495-034-5120-044	7/1/18	6/30/19	237,052			237,052	(237,052)				237,052		
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	5,800			5,800	(5,800)				5,800		
Equalization Aid	19-495-034-5120-078	7/1/18	6/30/19	11,741			11,741	(11,741)				11,741		
Transportation Aid	19-495-034-5120-014	7/1/18	6/30/19	126,575			12,237	(12,237)				126,575		
Security Aid	19-495-034-5120-084	7/1/18	6/30/19	55,927			5,407	(5,407)				55,927		
Total General Fund State Aid							1,980,791	(4,973,998)	(188,991)		285,028	6,153,364		
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid (Chapter 194)	20-100-034-5120-064	7/1/19	6/30/20	9,699			9,699	(9,699)				9,699		
Textbook Aid (Chapter 194)	19-100-034-5120-064	7/1/18	6/30/19	11,107					\$ (9)			11,107		
Nursing Services (Chapter 226)	20-100-034-5120-070	7/1/19	6/30/20	19,982			19,982	(19,982)				19,982		
Technology Initiative Program	20-100-034-5120-373	7/1/19	6/30/20	6,624			6,624	(6,624)				6,624		
Security	20-100-034-5120-509	7/1/19	6/30/20	30,900			30,900	(30,889)		\$ 11		30,889		
Auxiliary Services (Chapter 192):														
Compensatory Education	20-100-034-5120-067	7/1/19	6/30/20	33,422			29,109	(26,040)	(4,313)	7,382	(4,313)	26,040		
Compensatory Education	19-100-034-5120-067	7/1/18	6/30/19	46,532					(12,523)			34,009		
Compensatory Education	18-100-034-5120-067	7/1/17	6/30/18	45,178					(1,273)			43,905		
Non-Public Home Instruction	17-100-034-5120-067	7/1/16	6/30/17	2,043					2,043			2,043		
Handicapped Services (Chapter 193):														
Examination and Classification	20-100-034-5120-066	7/1/19	6/30/20	31,580			29,548	(18,559)	(2,032)	13,021	(2,032)	18,559		
Examination and Classification	19-100-034-5120-066	7/1/18	6/30/19	25,476					(11,643)			13,833		
Supplementary Instruction	20-100-034-5120-066	7/1/19	6/30/20	12,142			12,142	(8,823)		3,319		8,823		
Supplementary Instruction	19-100-034-5120-066	7/1/18	6/30/19	14,273					(5,233)			9,040		
Corrective Speech	20-100-034-5120-066	7/1/19	6/30/20	17,317			9,675	(14,582)	(7,642)	2,735	(7,642)	14,582		
Corrective Speech	19-100-034-5120-066	7/1/18	6/30/19	17,677					(5,267)			12,410		
Total Special Revenue Fund							147,679	(135,198)	(35,948)	26,468	(13,987)	259,502		

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2020		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Enterprise Fund:													
State National School Lunch Program	20-100-010-3350-023	7/1/19	6/30/20	\$ 2,639	\$	2,639	\$	(2,639)				\$	2,639
State National School Lunch Program	19-100-010-3350-023	7/1/18	6/30/19	3,630	\$	208							3,630
Seamless Summer Program	20-100-010-3350-023	3/1/20	6/30/20	51		12		(51)					51
Total Enterprise Fund					(208)	2,859		(2,690)		(39)			6,320
Total State Department of Education:					\$ (331,556)	\$ 2,131,329		(5,111,886)	\$ (35,948)	\$ (200,974)	\$ 26,468	\$ 271,041	\$ 6,419,186
Less: On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19	6/30/20	(822,598)				822,598					
On-Behalf Long Term Disability Insurance Contributions	20-495-034-5094-001	7/1/19	6/30/20	(1,616)				1,616					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19	6/30/20	(2,178,312)				2,178,312					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19	6/30/20	(39,044)				39,044					
Subtotal - On-Behalf TPAF Pension System Contributions								3,041,570					
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)								\$ (2,070,316)					

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

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

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Hillsdale School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of 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*. 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not 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 N.J.S.A. 18A:22-44.2. For GAAP purposes these 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$5,498) for the general fund, and \$8,194 for the special revenue fund. See Exhibit C-3 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 presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,819	\$ 4,968,500	\$ 4,972,319
Special Revenue Fund	450,628	148,093	598,721
Proprietary Fund	<u>56,742</u>	<u>2,690</u>	<u>59,432</u>
Total Financial Assistance	<u>\$ 511,189</u>	<u>\$ 5,119,283</u>	<u>\$ 5,630,472</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

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

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

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 787,755	\$ 787,755
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	11,741	11,741
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	55,927	55,927

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.