

# **Annual Comprehensive Financial Report**

**of the**

**Township of Hillsborough School District**

**County of Somerset**

**Hillsborough, New Jersey**

**For the Fiscal Year Ended June 30, 2021**

**Prepared by**

**Township of Hillsborough School District  
Business Office**



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**INTRODUCTORY SECTION**



HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

379 South Branch Road • Hillsborough • NJ • 08844-3443 • (908) 431-6600 • [www.htps.us](http://www.htps.us)

*Dr. Kim T. Feltre  
Acting Superintendent of Schools*

February 9, 2022

Honorable President and  
Members of the Board of Education  
Hillsborough Township  
County of Somerset, New Jersey

Dear Board Members:

The annual comprehensive financial report (ACFR) of the Hillsborough School District for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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, 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, 2021 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and related Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", and the State Treasury Circular letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with auditor's report on the internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

Hillsborough School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Hillsborough Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, as well as special education for handicapped youngsters.

#### MAJOR INITIATIVES

Hillsborough Township Public Schools continued its unwavering commitment to provide high quality educational services for our students. All curriculum revision was completed as scheduled. Concurrent enrollment opportunities for our high school students continue in cooperation with Raritan Valley Community College with additional opportunities provided in a relationship with Mercer County Community College. Hillsborough continues to focus on building equity and minimizing disproportionality.

Staff members interested in enrolling and completing graduate coursework remained active. Relationships with area colleges and universities continued to flourish. Princeton University, The College of New Jersey, Rider University, Rutgers University, Kean University, Montclair State College, Raritan Valley Community College and Mercer County Community College are several of the institutions with which we continue to maintain our collegial and professional relationships.

#### INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable assurance that these objectives are met. The District is also responsible for ensuring that an internal control structure is in place to ensure compliance with applicable laws and regulations. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 appropriations of fund balance in the subsequent year.

#### ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups.

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.

RISK MANAGEMENT

The board carries various forms of Insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

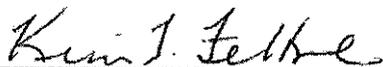
OTHER INFORMATION

Independent Audit State statutes require an annual audit by Independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company was selected to meet the requirements set forth in state and federal statutes.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Hillsborough 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 financial operation.

Respectfully submitted,



Dr. Kim T. Feltre  
Acting Superintendent of Schools



Mr. Paul Roth  
Interim Business Administrator

HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

HILLSBOROUGH, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2021

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Benjamin Kidd	Member	2023
Gregory Gillette	Member	2022
Lisa Maroun	Member	2021
Paul Marini	Member	2023
John Oliver	Member	2022
Cynthia DeCavalcante-Nurse	Member	2023
Chris Pulsifer	Member	2021
Jane Staats	Vice President	2021
Jean Trujillo	President	2022

Other Officials

Dr. Lisa M. Antunes	Superintendent
Mr. Aiman Mahmoud	Board Secretary/School Business Administrator
Stephen R. Fogarty, Esq.	Board Attorney

**HILLSBOROUGH TOWNSHIP  
BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Architects**

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

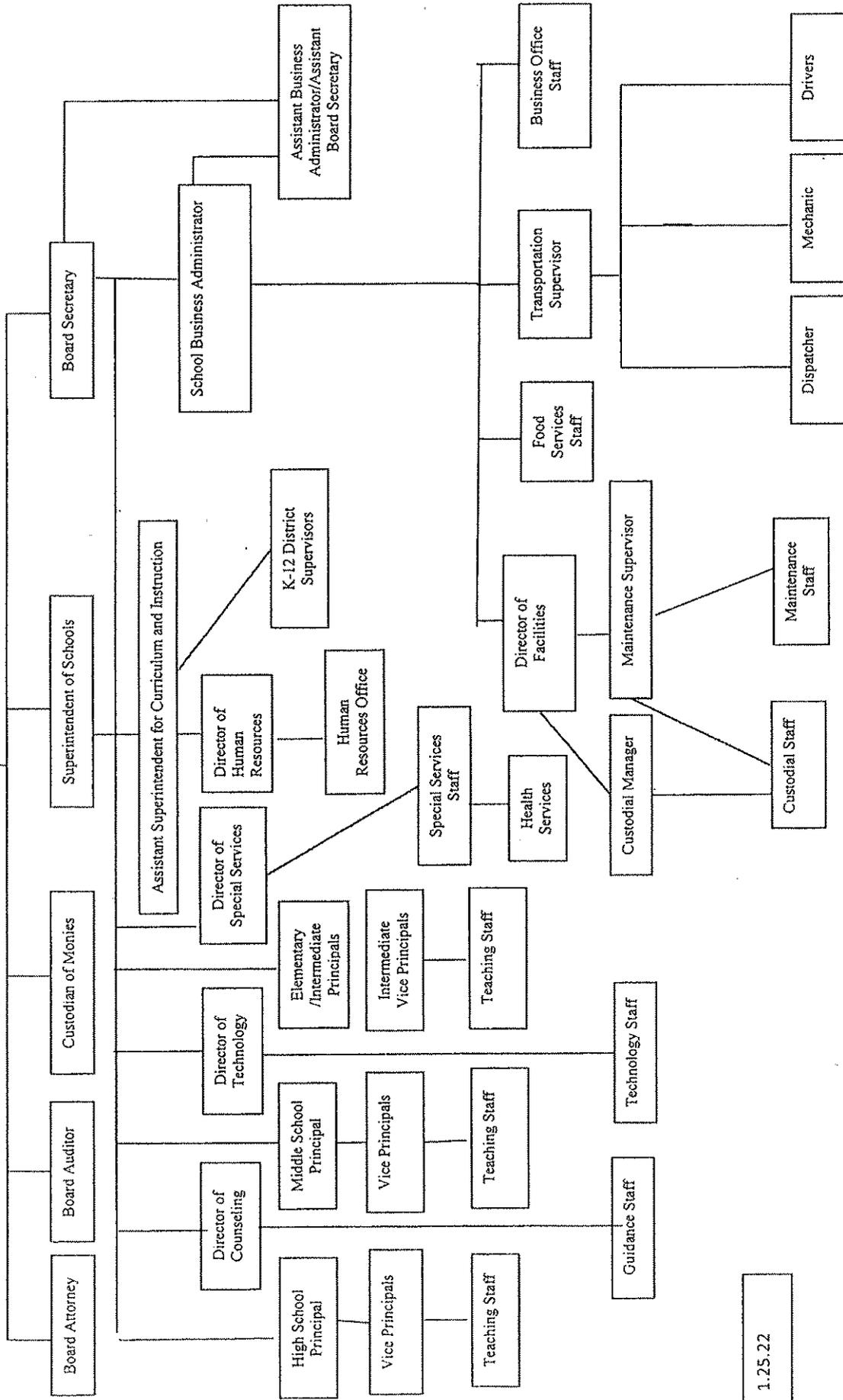
**Audit Firm**

Suplee Clooney & Company  
308 E Broad St, Westfield, NJ  
Westfield, NJ 07090

**Attorney**

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

# Hillsborough Township Board of Education



1.25.22

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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail [info@scnco.com](mailto:info@scnco.com)

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Township of Hillsborough School District  
County of Somerset  
Hillsborough, New Jersey 08844

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Township of Hillsborough School District, County of Somerset, New Jersey as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, 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 the State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## SUPLEE, CLOONEY & COMPANY

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

### ***Opinion***

#### **Basis for Adverse Opinion on Governmental Activities, Business-Type Activities and Proprietary – Enterprise Fund (Food Service)**

Management did not provide an accurate capital asset accounting record or an updated compensated absences record and, as a result, capital assets, net investment in capital assets, depreciation expense, compensated absence liability, and compensated absence expense, are not presented fairly in the governmental activities, business-type activities and proprietary – enterprise fund (food service) financial statements. Accounting principles generally accepted in the United States of America require that capital assets, net investment in capital assets, depreciation expense, compensated absence liability, and compensated absence expense be recorded accurately. The amount by which this departure would affect the assets, liabilities, net position, expenses and changes in net position of the governmental activities, business-type activities and proprietary – enterprise fund (food service) is not determinable, but is presumed to be material.

**Adverse Opinion –** In our opinion, because of the significance of the matter described in “Basis For Adverse Opinion on the Governmental Activities, Business-Type Activities and Proprietary – Enterprise Fund (Food Service)” paragraph, the financial statements of the governmental activities, business-type activities and proprietary – enterprise fund (food service) do not present fairly, in all material respects, the financial position of the governmental activities, business-type activities and proprietary – enterprise fund (food service) of the Township of Hillsborough School District, in the County of Somerset, State of New Jersey, as of June 30, 2021, and the 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.

**Unmodified Opinions –** In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general, special revenue, capital projects, and debt service funds, of the Township of Hillsborough School District, in the County of Somerset, State of New Jersey, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

# SUPLEE, CLOONEY & COMPANY

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 are 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 Township of Hillsborough School District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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.

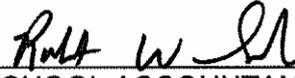
# SUPLEE, CLOONEY & COMPANY

## **Prior Period Financial Statements**

The financial statements of the Township of Hillsborough School District as of June 30, 2020, were audited by other auditors whose report dated September 2, 2020, expressed an unmodified opinion on those financial statements.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2022 on our consideration of the Township of Hillsborough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Township of Hillsborough School 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 Township of Hillsborough School District's internal control over financial reporting and compliance.

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS  
  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 9, 2022

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

The Management's Discussion and Analysis of the Township of Hillsborough School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2021. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2020-2021) and the prior fiscal year (2019-2020) is required to be presented in the MD&A. In fiscal year 2021 the District implemented GASB Statement No. 84-Fiduciary Activities. Prior fiscal year 2020 information was restated where information was available.

### **Financial Highlights**

- Revenue from governmental activities accounted for \$175,180,083.89 or 98% percent of total school district revenue. The other 2% percent of revenue was generated by the business type activities.

### **Overview of the Financial Statements**

This Annual Comprehensive Financial Report ("ACFR") 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, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds and Proprietary.
- 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, which include food services and summer enrichment.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

**District-wide Financial Statements**

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

The District-wide Financial Statements report the District's net positions and how they have changed. Net positions, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- **Governmental activities** - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- **Business-type activities** - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities (i.e. food, commodities and supplies) and summer enrichment program are reported as business activities.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. 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 (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains two financial funds:

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

**Financial Analysis of the District as a Whole**

The District's combined net positions have increased from the 2019-2020 fiscal year. The net positions from governmental funds increased \$8,075,419.89. Net positions from business-type activities increased \$569,801.55. Table A-1 below reflects the District's net positions as a whole. Table A-2 reflects the changes in net positions from operating results.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Table A-1  
Condensed Statement of Net Positions**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	FY 2021	FY 2020*	FY 2021	FY 2020*	FY 2021	FY 2020*	
Current and Other Assets	\$36,841,795.48	\$14,384,890.79	\$734,153.81	\$108,667.90	\$37,575,949.29	\$14,493,558.69	159.26%
Capital Assets	84,740,211.20	67,539,176.43	130,138.35	155,782.97	84,870,349.55	67,694,959.40	25.37%
<b>Total Assets</b>	<b>121,582,006.68</b>	<b>81,924,067.22</b>	<b>864,292.16</b>	<b>264,450.87</b>	<b>122,446,298.84</b>	<b>82,188,518.09</b>	<b>48.98%</b>
Deferred Outflows Pension Related	4,537,767.00	6,145,307.00			4,537,767.00	6,145,307.00	-26.16%
<b>Total Deferred Outflows</b>	<b>4,537,767.00</b>	<b>6,145,307.00</b>	<b>-</b>	<b>-</b>	<b>4,537,767.00</b>	<b>6,145,307.00</b>	<b>-26.16%</b>
Long-Term Liabilities	74,727,001.34	43,221,232.29			74,727,001.34	43,221,232.29	72.89%
Short-Term Liabilities	6,081,354.25	8,091,620.73	388,555.19	358,515.45	6,469,909.44	8,450,136.18	-23.43%
<b>Total Liabilities</b>	<b>80,808,355.59</b>	<b>51,312,853.02</b>	<b>388,555.19</b>	<b>358,515.45</b>	<b>81,196,910.78</b>	<b>51,671,368.47</b>	<b>57.14%</b>
Deferred Inflows Pension Related	10,301,780.00	9,822,303.00			10,301,780.00	9,822,303.00	4.88%
<b>Total Deferred Inflows</b>	<b>10,301,780.00</b>	<b>9,822,303.00</b>	<b>-</b>	<b>-</b>	<b>10,301,780.00</b>	<b>9,822,303.00</b>	<b>4.88%</b>
<b>Net Positions:</b>							
Net Investment In Capital Assets	34,072,683.95	50,814,302.70	130,138.35	155,782.97	34,202,822.30	50,970,085.67	-32.90%
Restricted	32,028,595.30	10,894,677.30			32,028,595.30	10,894,677.30	193.98%
Unrestricted (Deficit)	(31,091,641.16)	(34,774,761.80)	345,598.62	(249,847.55)	(30,746,042.54)	(35,024,609.35)	-12.22%
<b>Total Net Positions</b>	<b>\$35,009,638.09</b>	<b>\$26,934,218.20</b>	<b>\$475,736.97</b>	<b>(\$94,064.58)</b>	<b>\$35,485,375.06</b>	<b>\$26,840,153.62</b>	<b>32.21%</b>

\* - as restated

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Table A-2  
Changes in Net Positions from Operating Results**

	<u>FY 2021</u>	<u>FY 2020</u>
Revenue:		
Program Revenue:		
Charges for Services	\$521,400.16	\$1,585,063.03
Operating Grants and Contributions	48,988,355.52	42,887,871.58
General Revenue:		
Property Taxes	102,530,303.00	100,676,503.00
Federal and State Aid	25,000,175.87	19,090,696.52
Other	952,065.33	1,454,956.82
Total Revenue	<u>177,992,299.88</u>	<u>165,695,090.95</u>
Expenses/Indirect Allocations:		
Instruction	110,596,249.16	96,036,099.93
Student & Instructional Related Services	26,151,901.18	28,172,854.80
Administrative and Business	11,726,940.35	12,859,768.51
Maintenance & Operations	10,570,115.78	12,264,432.24
Transportation	7,327,550.88	8,837,432.11
Other	2,974,321.09	2,866,398.69
Total Expenses	<u>169,347,078.44</u>	<u>161,036,986.28</u>
Increase/(Decrease) in Net Positions	<u>\$8,645,221.44</u>	<u>\$4,658,104.67</u>

**Sources of Revenue for Fiscal Year 2021**

The District's total revenue for the 2020-2021 school year was \$177,992,299.88 as reflected in Table A-3 below. Property taxes accounted for 57.61 percent of the total revenue with the other 42.39 percent consisting of federal and state aid, charges for service, operating grants & contributions, and miscellaneous sources.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Table A-3  
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	102,530,303.00	57.61%	100,676,503.00	60.77%
Federal & State Aid Unrestricted	25,000,175.87	14.05%	19,090,696.52	11.52%
Operating Grants & Contributions	48,988,355.52	27.52%	42,887,871.58	25.88%
Charges for Services	521,400.16	0.29%	\$1,585,063.03	0.96%
Other Sources	952,065.33	0.53%	1,454,956.82	0.88%
	<u>\$177,992,299.88</u>	<u>100.00%</u>	<u>\$165,695,090.95</u>	<u>100.00%</u>

**Expenses & Indirect Costs Allocated for the Fiscal Year 2021**

The total expenditures for the 2020-2021 fiscal year for all programs and services were \$169,347,078.44. Table A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 85.08 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds.

**Table A-4  
Expenses & Indirect Costs Allocated**

<u>Expense Category</u>	<u>FY 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	110,596,249.16	65.31%	96,036,099.93	59.64%
Student & Instructional Related Services	26,151,901.18	15.44%	28,172,854.80	17.49%
Administrative and Business	11,726,940.35	6.92%	12,859,768.51	7.99%
Maintenance & Operations	10,570,115.78	6.24%	12,264,432.24	7.62%
Transportation	7,327,550.88	4.33%	8,837,432.11	5.49%
Other	2,974,321.09	1.76%	2,866,398.69	1.78%
	<u>\$169,347,078.44</u>	<u>100.00%</u>	<u>\$161,036,986.28</u>	<u>100.00%</u>

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

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

**Table A-5  
Net Cost of Activities**

<u>Function/Program</u>	<u>FY 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$72,578,372.02	60.55%	\$70,346,478.38	60.34%
Student & Instruction Related Services	20,466,281.05	17.08%	18,010,150.64	15.45%
Administrative and Business	9,587,565.62	8.00%	10,025,776.47	8.60%
Maintenance & Operations	9,921,034.56	8.28%	10,390,733.10	8.91%
Transportation	7,121,964.41	5.94%	7,191,603.21	6.17%
Other	162,105.10	0.14%	599,312.27	0.51%
	<u>\$119,837,322.76</u>	<u>100.00%</u>	<u>\$116,564,054.07</u>	<u>100.00%</u>

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Capital Assets**

Table A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table A-6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	<u>FY 2021</u>	<u>FY 2020*</u>	<u>FY 2021</u>	<u>FY 2020*</u>	<u>FY 2021</u>	<u>FY 2020*</u>	
Land							
Improvements	\$1,734,986.73	\$1,892,398.19			\$1,734,986.73	\$1,892,398.19	-8.32%
Construction in Progress	\$19,322,209.51	\$1,138,121.74			\$19,322,209.51	1,138,121.74	100.00%
Building and Building Improvements	60,324,891.55	62,677,718.69			60,324,891.55	62,677,718.69	-3.75%
Machinery and Equipment	3,358,123.41	1,830,937.81	\$130,138.35	\$155,782.97	3,488,261.76	1,986,720.78	75.58%
<b>Total Assets</b>	<u>\$84,740,211.20</u>	<u>\$67,539,176.43</u>	<u>\$130,138.35</u>	<u>\$155,782.97</u>	<u>\$84,870,349.55</u>	<u>\$67,694,959.40</u>	<u>25.37%</u>

\* - as restated

**Debt Administration**

At June 30, 2021 the District had \$77,693,249.90 of outstanding long-term debt, consisting of bonds payable, capital leases payable, net pension liability and compensated absences. The District will continue to pay down its debt, as the obligations are due. Table A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
HILLSBOROUGH, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
UNAUDITED**

**Table A-7  
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2021	FY 2020	
Capital Leases	\$13,531,527.25	\$12,514,873.73	8.12%
Compensated Absences	3,069,979.65	3,069,979.65	0.00%
Net Pension Liability	23,955,743.00	26,645,458.00	-10.09%
Bonds Payable	37,136,000.00	4,210,000.00	782.09%
	<u>\$77,693,249.90</u>	<u>\$46,440,311.38</u>	<u>67.30%</u>

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Administrator/Board Secretary's office, Hillsborough Board of Education, 379 South Branch Road, Hillsborough, New Jersey 08844. Also, please visit our website to learn more about our School District.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2021.

**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITIONS  
JUNE 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,030,373.58	\$ 309,187.37	\$ 4,339,560.95
Receivables, net	1,265,637.38	354,110.47	1,619,747.85
Inventory		70,855.97	70,855.97
Restricted assets:			
Restricted cash and cash equivalents	31,545,784.52		31,545,784.52
Capital assets:			
Construction in progress	19,322,209.51		19,322,209.51
Other capital assets, net	65,418,001.69	130,138.35	65,548,140.04
Total assets	<u>\$ 121,582,006.68</u>	<u>\$ 864,292.16</u>	<u>\$ 122,446,298.84</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Related to pensions	\$ 4,537,767.00		\$ 4,537,767.00
Total deferred outflow of resources	<u>\$ 4,537,767.00</u>		<u>\$ 4,537,767.00</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,738,839.42		\$ 1,738,839.42
Due to other governments	8,746.00		8,746.00
Unearned revenue	75,423.88	388,555.19	463,979.07
Accrued interest payable	622,239.45		622,239.45
Payroll deductions & withholdings payable	566,274.64		566,274.64
Unemployment compensation claims payable	103,582.30		103,582.30
Noncurrent liabilities:			
Due within one year:			
Bonds & leases payable	2,966,248.56		2,966,248.56
Due beyond one year:			
Bonds & leases payable	47,701,278.69		47,701,278.69
Compensated absences payable	3,069,979.65		3,069,979.65
Net pension liability	23,955,743.00		23,955,743.00
Total liabilities	<u>\$ 80,808,355.59</u>	<u>\$ 388,555.19</u>	<u>\$ 81,196,910.78</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Related to pensions	\$ 10,301,780.00		\$ 10,301,780.00
Total deferred inflow of resources	<u>\$ 10,301,780.00</u>		<u>\$ 10,301,780.00</u>
Net investment in capital assets	\$ 34,072,683.95	\$ 130,138.35	\$ 34,202,822.30
Restricted for:			
Special revenue	738,532.03		738,532.03
Capital projects	17,322,080.49		17,322,080.49
Debt service (Deficit)	(380,907.23)		(380,907.23)
Other purposes	14,348,890.01		14,348,890.01
Unrestricted (Deficit)	<u>(31,091,641.16)</u>	<u>345,598.62</u>	<u>(30,746,042.54)</u>
Total net positions	<u>\$ 35,009,638.09</u>	<u>\$ 475,736.97</u>	<u>\$ 35,485,375.06</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSES ALLOCATION	CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
						TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 34,192,444.83	\$ 36,474,509.59	\$	\$ 23,522,300.64	\$ (47,144,653.78)	\$ (47,144,653.78)
Special education	15,396,892.68	12,553,061.12		10,867,056.88	(17,082,696.92)	(17,082,696.92)
Other	6,729,474.09	5,250,066.85		3,628,519.62	(8,351,021.32)	(8,351,021.32)
Support services:						
Student and instruction related services	17,298,379.57	8,853,521.61	480,707.20	5,204,912.93	(20,466,281.05)	(20,466,281.05)
General administrative services	1,254,349.70	511,353.68		83,888.17	(1,681,815.21)	(1,681,815.21)
School administrative services	4,219,127.29	3,028,193.46		1,783,338.74	(5,463,982.01)	(5,463,982.01)
Central services	1,288,518.84	477,407.57		173,108.28	(1,592,818.12)	(1,592,818.12)
Administration information technology	646,843.02	301,146.79		99,039.53	(848,950.28)	(848,950.28)
Plant operations and maintenance	8,694,493.31	1,875,622.47		649,081.22	(9,921,034.56)	(9,921,034.56)
Student transportation services	6,573,117.81	754,433.07		205,586.47	(7,121,964.41)	(7,121,964.41)
Unallocated benefits	66,898,321.97	(66,898,321.97)				
Unallocated depreciation	3,180,994.24	(3,180,994.24)				
Interest on long term debt	731,906.65				(731,906.65)	(731,906.65)
Total governmental activities	\$ 167,104,664.00	\$	\$ 480,707.20	\$ 46,216,632.49	\$ (120,407,124.31)	\$ (120,407,124.31)
Business-type activities:						
Food Service Fund	\$ 2,233,975.53	\$	\$ 2,029.00	\$ 2,771,523.03	\$ 539,576.50	\$ 539,576.50
Summer Enrichment Fund	8,438.91		38,663.96		30,225.05	30,225.05
Total business-type activities	\$ 2,242,414.44	\$	\$ 40,692.96	\$ 2,771,523.03	\$ 569,801.55	\$ 569,801.55
Total primary government	\$ 169,347,078.44	\$	\$ 521,400.16	\$ 48,988,355.52	\$ (120,407,124.31)	\$ (119,837,322.76)
General Revenues:						
Taxes:						
Property taxes - general					\$ 100,277,942.00	\$ 100,277,942.00
Property taxes - debt service					2,252,361.00	2,252,361.00
Federal and state aid not restricted					25,000,175.87	25,000,175.87
Miscellaneous income					952,065.33	952,065.33
Total general revenues					\$ 128,482,544.20	\$ 128,482,544.20
Change in net position					\$ 8,075,419.89	\$ 8,645,221.44
Net position - beginning (as restated)					26,934,218.20	26,840,153.62
Net position - ending					\$ 35,009,638.09	\$ 35,485,375.06

The accompanying Notes to the Financial Statements are an integral part of this statement.

**MAJOR FUND FINANCIAL STATEMENTS**

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS AND OTHER DEBITS:</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$ 17,426,689.02	\$ 586,056.37	\$ 17,549,813.03	\$ 13,599.68	\$ 35,576,158.10
Accounts receivable:					
State	961,547.34				961,547.34
Federal		286,220.00			286,220.00
Other	17,470.04	400.00			17,870.04
Interfund	<u>48,274.46</u>			<u>227,732.54</u>	<u>276,007.00</u>
<b>Total assets</b>	<b><u>\$ 18,453,980.86</u></b>	<b><u>\$ 872,676.37</u></b>	<b><u>\$ 17,549,813.03</u></b>	<b><u>\$ 241,332.22</u></b>	<b><u>\$ 37,117,802.48</u></b>
<b>LIABILITIES &amp; FUND BALANCES:</b>					
<b>Liabilities:</b>					
Interfund	\$	\$ 48,274.46	\$ 227,732.54	\$	\$ 276,007.00
Accounts payable	122,589.42	1,700.00			124,289.42
Payroll deductions and withholdings payable	566,274.64				566,274.64
Unemployment compensation claims payable	103,582.30				103,582.30
Payable to other governments		8,746.00			8,746.00
Unearned revenue		<u>75,423.88</u>			<u>75,423.88</u>
<b>Total liabilities</b>	<b><u>\$ 792,446.36</u></b>	<b><u>\$ 134,144.34</u></b>	<b><u>\$ 227,732.54</u></b>	<b><u>\$</u></b>	<b><u>\$ 1,154,323.24</u></b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Capital reserve	\$ 4,060,472.10	\$	\$	\$	\$ 4,060,472.10
Maintenance reserve	2,235,122.10				2,235,122.10
Unemployment	222,041.56				222,041.56
Student Activities		738,532.03			738,532.03
Excess surplus - current year	4,533,115.40				4,533,115.40
Excess surplus - designated for subsequent years expenditures	3,292,082.12				3,292,082.12
Capital projects fund			16,223,086.99		16,223,086.99
<b>Assigned for:</b>					
FFCRA/SEMI	6,056.73				
Year-end encumbrances	656,060.16		1,098,993.50		1,755,053.66
Unassigned	<u>2,656,584.33</u>			<u>241,332.22</u>	<u>2,897,916.55</u>
<b>Total fund balances</b>	<b><u>\$ 17,661,534.50</u></b>	<b><u>\$ 738,532.03</u></b>	<b><u>\$ 17,322,080.49</u></b>	<b><u>\$ 241,332.22</u></b>	<b><u>\$ 35,963,479.24</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 18,453,980.86</u></b>	<b><u>\$ 872,676.37</u></b>	<b><u>\$ 17,549,813.03</u></b>	<b><u>\$ 241,332.22</u></b>	<b><u>\$ 37,117,802.48</u></b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

Total Fund Balances (Brought Forward)	\$	35,963,479.24
Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$ 148,111,637.88	
Accumulated Depreciation	<u>(63,371,426.68)</u>	84,740,211.20
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Serial bonds payable	\$ (37,136,000.00)	
Capital leases payable	(13,531,527.25)	
Net pension liability	(23,955,743.00)	
Compensated absences payable	<u>(3,069,979.65)</u>	(77,693,249.90)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Deferred outflows:		
Pension related		4,537,767.00
Deferred inflows:		
Pension related		(10,301,780.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Account payable - pension related	\$ (1,614,550.00)	
Accrued Interest Payable	<u>(622,239.45)</u>	<u>(2,236,789.45)</u>
Net Positions of Governmental Activities	\$	<u><u>35,009,638.09</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 100,277,942.00	\$	\$	\$ 2,252,361.00	\$ 102,530,303.00
Other local revenues	952,065.33	525,203.41			1,477,268.74
<b>Total revenues-local sources</b>	<b>\$ 101,230,007.33</b>	<b>\$ 525,203.41</b>	<b>\$</b>	<b>\$ 2,252,361.00</b>	<b>\$ 104,007,571.74</b>
State sources	\$ 50,249,099.37	\$ 33,470.00	\$	\$ 406,113.00	\$ 50,688,682.37
Federal sources	56,948.87	2,157,691.91			2,214,640.78
<b>Total revenues</b>	<b>\$ 151,538,055.57</b>	<b>\$ 2,716,365.32</b>	<b>\$</b>	<b>\$ 2,658,474.00</b>	<b>\$ 156,910,894.89</b>
<b>EXPENDITURES:</b>					
Current expense:					
Instruction:					
Regular	\$ 34,148,383.72	\$	\$	\$	\$ 34,148,383.72
Special education	11,549,633.54	283,526.02			11,833,159.56
Other instruction	6,831,743.98				6,831,743.98
Support services:					
Tuition	2,277,820.61	1,534,313.40			3,812,134.01
Student and instruction related services	16,464,832.59	935,816.87			17,400,649.46
General administrative services	1,356,619.59				1,356,619.59
School administrative services	4,321,397.18				4,321,397.18
Central services	1,390,788.73				1,390,788.73
Administration information technology	749,112.91				749,112.91
Plant operations and maintenance	8,796,763.20				8,796,763.20
Student transportation services	6,675,387.64				6,675,387.64
Employee benefits	49,224,305.97				49,224,305.97
Capital outlay	3,626,878.88		16,955,797.77		20,582,676.65
Debt service:					
Principal				2,490,000.00	2,490,000.00
Interest				168,308.45	168,308.45
<b>Total expenditures</b>	<b>\$ 147,413,668.54</b>	<b>\$ 2,753,656.29</b>	<b>\$ 16,955,797.77</b>	<b>\$ 2,658,308.45</b>	<b>\$ 169,781,431.05</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 4,122,387.03</b>	<b>\$ (37,290.97)</b>	<b>\$ (16,955,797.77)</b>	<b>\$ 165.55</b>	<b>\$ (12,870,536.16)</b>
Other financing sources (uses):					
Transfers in	\$	\$	\$	\$ 227,732.54	\$ 227,732.54
Transfers out			(227,732.54)		(227,732.54)
Debt proceeds			35,416,000.00		35,416,000.00
Capital leases (non-budgeted)	2,240,000.00				2,240,000.00
<b>Total financing sources(uses):</b>	<b>\$ 2,240,000.00</b>	<b>\$</b>	<b>\$ 35,188,267.46</b>	<b>\$ 227,732.54</b>	<b>\$ 37,656,000.00</b>
<b>Net change in fund balances</b>	<b>\$ 6,362,387.03</b>	<b>\$ (37,290.97)</b>	<b>\$ 18,232,469.69</b>	<b>\$ 227,898.09</b>	<b>\$ 24,785,463.84</b>
Fund balances, July 1, 2020 (as restated)	11,299,147.47	775,823.00	(910,389.20)	13,434.13	11,178,015.40
<b>Fund balances, June 30, 2021</b>	<b>\$ 17,661,534.50</b>	<b>\$ 738,532.03</b>	<b>\$ 17,322,080.49</b>	<b>\$ 241,332.22</b>	<b>\$ 35,963,479.24</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds (from B-2)	\$	24,785,463.84	
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.			
Depreciation expense	\$	(3,180,994.24)	
Capital outlays (Net, excl. uncapitalized outlays)		<u>20,382,029.01</u>	17,201,034.77
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position and is not reported in the statements of activities.			
Paid - principal on bond			2,490,000.00
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.			
Proceeds from bonds issued	\$	(35,416,000.00)	
Proceeds from capital leases		<u>(2,240,000.00)</u>	(37,656,000.00)
Repayment of long-term debt 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.			
Payment of capital leases payable			1,223,346.48
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.			
			(563,598.20)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.			
District pension contributions	\$	1,607,025.00	
Less: Pension expense		<u>(1,011,852.00)</u>	595,173.00
Change in net position of governmental activities	\$		<u><u>8,075,419.89</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**OTHER FUNDS**

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 50,260.91	\$ 258,926.46	\$ 309,187.37
Accounts receivable:			
State	13,942.13		13,942.13
Federal	337,086.59		337,086.59
Other	3,081.75		3,081.75
Interfunds Receivable		5,675.00	5,675.00
Inventories	<u>70,855.97</u>		<u>70,855.97</u>
Total current assets	<u>\$ 475,227.35</u>	<u>\$ 264,601.46</u>	<u>\$ 739,828.81</u>
<b>Noncurrent assets:</b>			
Furniture, machinery & equipment	\$ 746,854.60		\$ 746,854.60
Less accumulated depreciation	<u>(616,716.25)</u>		<u>(616,716.25)</u>
Total noncurrent assets	<u>\$ 130,138.35</u>		<u>\$ 130,138.35</u>
Total assets	<u>\$ 605,365.70</u>	<u>\$ 264,601.46</u>	<u>\$ 869,967.16</u>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Unearned revenue	\$ 216,670.19	\$ 171,885.00	\$ 388,555.19
Interfunds payable	<u>5,675.00</u>		<u>5,675.00</u>
Total current liabilities	<u>\$ 222,345.19</u>	<u>\$ 171,885.00</u>	<u>\$ 394,230.19</u>
Total liabilities	<u>\$ 222,345.19</u>	<u>\$ 171,885.00</u>	<u>\$ 394,230.19</u>
<b>NET POSITION:</b>			
Net Investments in capital assets	\$ 130,138.35		\$ 130,138.35
Unrestricted	<u>252,882.16</u>	<u>92,716.46</u>	<u>345,598.62</u>
Total net position	<u>\$ 383,020.51</u>	<u>\$ 92,716.46</u>	<u>\$ 475,736.97</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>			
Charges for services:			
Sales-Nonreimbursable	\$ 2,029.00	\$	\$ 2,029.00
Miscellaneous Revenue		38,663.96	38,663.96
	<u>2,029.00</u>	<u>38,663.96</u>	<u>40,692.96</u>
Total operating revenues	\$ <u>2,029.00</u>	\$ <u>38,663.96</u>	\$ <u>40,692.96</u>
<b>OPERATING EXPENSES:</b>			
Cost of sales-Reimbursable	\$ 4,439.00	\$	\$ 4,439.00
Cost of sales-Nonreimbursable	706,212.68		706,212.68
Salaries	545,138.47	5,015.00	550,153.47
Employee benefits	224,534.43	383.65	224,918.08
Other purchased services	235,885.00	725.00	236,610.00
Miscellaneous Expenses	492,121.33	2,315.26	494,436.59
Depreciation	25,644.62		25,644.62
	<u>2,233,975.53</u>	<u>8,438.91</u>	<u>2,242,414.44</u>
Total operating expenses	\$ <u>2,233,975.53</u>	\$ <u>8,438.91</u>	\$ <u>2,242,414.44</u>
Operating income (loss)	\$ <u>(2,231,946.53)</u>	\$ <u>30,225.05</u>	\$ <u>(2,201,721.48)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State sources			
School lunch program	\$ 78,050.95		\$ 78,050.95
Federal sources			
School lunch and PB programs	1,659,931.44		1,659,931.44
School breakfast program	876,332.52		876,332.52
P-EBT Administrative Cost Reimbursement	614.00		614.00
Emergency Operational Cost Reimbursement	37,400.34		37,400.34
National food distribution commodities	119,193.78		119,193.78
	<u>2,771,523.03</u>		<u>2,771,523.03</u>
Total nonoperating revenues	\$ <u>2,771,523.03</u>		\$ <u>2,771,523.03</u>
Net income	\$ 539,576.50	\$ 30,225.05	\$ 569,801.55
Total net position - July 1 (as restated)	<u>(156,555.99)</u>	<u>62,491.41</u>	<u>(94,064.58)</u>
Total net position - June 30	\$ <u><u>383,020.51</u></u>	\$ <u><u>92,716.46</u></u>	\$ <u><u>475,736.97</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$ 30,164.10	\$ 177,560.00	\$ 207,724.10
Payments to employees	(545,138.47)	(5,015.00)	(550,153.47)
Payments to employee benefits	(224,534.43)	(383.65)	(224,918.08)
Payment to suppliers	<u>(1,587,054.51)</u>	<u>(8,715.26)</u>	<u>(1,595,769.77)</u>
Net cash provided (used for) by operating activities	<u>\$ (2,326,563.31)</u>	<u>\$ 163,446.09</u>	<u>\$ (2,163,117.22)</u>
Cash flows from noncapital financing activities:			
State sources	\$ 64,647.06		\$ 64,647.06
Federal sources	<u>2,415,544.44</u>		<u>2,415,544.44</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 2,480,191.50</u>		<u>\$ 2,480,191.50</u>
Net increase (decrease) in cash and cash equivalents	\$ 153,628.19	\$ 163,446.09	\$ 317,074.28
Cash and cash equivalents - July 1	<u>(103,367.28)</u>	<u>95,480.37</u>	<u>(7,886.91)</u>
Cash and cash equivalents - June 30	<u>\$ 50,260.91</u>	<u>\$ 258,926.46</u>	<u>\$ 309,187.37</u>
Operating income (loss)	\$ (2,231,946.53)	\$ 30,225.05	\$ (2,201,721.48)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	25,644.62		25,644.62
Change in assets and liabilities:			
(Increase) Decrease in Inventory	(29,915.51)		(29,915.51)
(Increase) Decrease in accounts receivable	19,932.84		19,932.84
(Increase) Decrease in interfund receivable	5,675.00	(5,675.00)	
Increase (Decrease) in unearned revenue	8,202.26	138,896.04	147,098.30
Increase (Decrease) in accounts payable	<u>(124,155.99)</u>		<u>(124,155.99)</u>
Net cash provided (used) by operating activities	<u>\$ (2,326,563.31)</u>	<u>\$ 163,446.09</u>	<u>\$ (2,163,117.22)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Township of Hillsborough School District is a Type II District located in Somerset County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the 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.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one elementary school. 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.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types**

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** – The 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** – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Fund**

**Enterprise Fund** - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations and the summer enrichment program. The fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges and subsidies.

**Basis of Accounting - Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide and Proprietary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting - Measurement Focus (Continued)**

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2021 totaled \$-0-. All budget 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).

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

**Encumbrance Accounting**

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 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 revenues at fiscal year end.

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

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In fiscal year 2016, the District implemented GASB 72. The objective of this is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

The District accounts for compensated absences (e.g., unused sick days) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick days in accordance with the District's employment contract and personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay upon retirement at the rate of one days pay for every five sick days and begin vesting with the employee and limited by certain maximums per employee category.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position**

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Fund Balance Reserves**

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spend because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, Excess Surplus, Unemployment, and Student Activity fund balances as Restricted Fund Balance.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance Reserves (Continued)**

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**Revenues Exchange and Non-Exchange 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.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues Exchange and Non-Exchange Transactions (Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income 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 property taxes is recognized in the period in which the income is earned. 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 District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**Proprietary Funds Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Accounting and Financial Reporting for Pensions**

In the District-Wide Financial Statements 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1<sup>st</sup> of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pensions.

**Recently Adopted Accounting Pronouncements**

Beginning with the year ended June 30, 2021, the District has implemented GASB Statement 84, Fiduciary Activities. The objective of this new Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. As a result of the implementation of this Statement, the New Jersey Department of Education has made the following determinations as to the reporting of certain funds which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	<u>Prior To Implementation</u>	<u>After Implementation</u>
Student Activity Funds	Fiduciary Fund	Special Revenue Fund
Payroll Agency Funds	Fiduciary Fund	General Fund
State Unemployment	Fiduciary Fund	General Fund

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Hillsborough School District had the following cash and cash equivalents at June 30, 2021:

	<b><u>Cash in</u></b> <b><u>Bank</u></b>	<b><u>Reconciling</u></b> <b><u>Items</u></b>	<b><u>Reported</u></b> <b><u>Total</u></b>
General Fund	\$ 20,076,800.62	\$ (\$2,650,111.60)	\$ 17,426,689.02
Special Revenue Fund	627,610.19	(\$41,553.82)	586,056.37
Capital Projects Fund	17,549,813.03		17,549,813.03
Debt Service Fund	13,599.68		13,599.68
Enterprise Fund	309,187.37		309,187.37
	<u>\$ 38,577,010.89</u>	<u>\$ (\$2,691,665.42)</u>	<u>\$ 35,885,345.47</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2021, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$38,327,010.89 was covered under the provisions of NJGUDPA.

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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 Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
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;
  - 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. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

At June 30, 2021, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**NOTE 3: CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance (As Restated)</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental activities:			
Capital assets that are not depreciated:			
Construction in progress	\$ 1,138,121.74	\$ 18,184,087.77	\$ 19,322,209.51
Total capital assets that are not depreciated	<u>\$ 1,138,121.74</u>	<u>\$ 18,184,087.77</u>	<u>\$ 19,322,209.51</u>
Capital assets being depreciated:			
Land improvements	\$ 5,194,176.72	\$	\$ 5,194,176.72
Building and building improvements	117,521,360.90		117,521,360.90
Machinery and equipment	3,875,949.51	2,197,941.24	6,073,890.75
Total capital assets being depreciated	<u>\$ 126,591,487.13</u>	<u>\$ 2,197,941.24</u>	<u>\$ 128,789,428.37</u>
Total gross assets	<u>\$ 127,729,608.87</u>	<u>\$ 20,382,029.01</u>	<u>\$ 148,111,637.88</u>
Less: accumulated depreciation for:			
Land improvements	\$ (3,301,778.53)	\$ (157,411.46)	\$ (3,459,189.99)
Building and building improvements	(54,843,642.21)	(2,352,827.14)	(57,196,469.35)
Machinery and equipment	(2,045,011.70)	(670,755.64)	(2,715,767.34)
	<u>\$ (60,190,432.44)</u>	<u>\$ (3,180,994.24)</u>	<u>\$ (63,371,426.68)</u>
Governmental activities capital assets, net	<u>\$ 67,539,176.43</u>	<u>\$ 17,201,034.77</u>	<u>\$ 84,740,211.20</u>
Business type activities:			
Machinery and equipment	\$ 746,854.60	\$	\$ 746,854.60
Less: accumulated depreciation	<u>(591,071.63)</u>	<u>(25,644.62)</u>	<u>(616,716.25)</u>
Proprietary fund capital assets, net	<u>\$ 155,782.97</u>	<u>\$ (25,644.62)</u>	<u>\$ 130,138.35</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2021, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2021.

	Balance <u>6/30/20</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/21</u>	Due Within <u>One Year</u>
Bonds	\$4,210,000.00	\$35,416,000.00	\$2,490,000.00	\$37,136,000.00	\$1,720,000.00
Capital Leases	12,514,873.73	2,240,000.00	1,223,346.48	13,531,527.25	1,246,248.56
Compensated Absences	3,069,979.65			3,069,979.65	
Net Pension Liability	<u>26,645,458.00</u>		<u>2,689,715.00</u>	<u>23,955,743.00</u>	
	<u>\$46,440,311.38</u>	<u>\$37,656,000.00</u>	<u>\$6,403,061.48</u>	<u>\$77,693,249.90</u>	<u>\$2,966,248.56</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

Under New Jersey Statutes the District may incur debt in an amount not to exceed 3% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2021, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation Of Real Property</u>
2020	\$6,836,669,183.00
2019	6,691,928,315.00
2018	<u>6,513,991,538.00</u>
Average equalized valuation of property	<u>\$6,680,863,012.00</u>
School borrowing margin (4% of above)	<u>267,234,520.48</u>
Net bonded school debt and authorized but not issued as of June 30, 2021	<u>37,136,000.00</u>
School borrowing power available	<u>\$230,098,520.48</u>

**Capital Leases Payable**

The District has entered into various capital leases. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2021:

<u>Fiscal Year June 30,</u>	<u>Amount</u>
2022	\$1,595,584.02
2023	1,476,591.75
2024	1,498,025.73
2025-2034	<u>11,485,741.68</u>
Total Minimum Lease Payments	<u>\$16,055,943.18</u>
Less: Amounts Representing Interest	<u>(\$2,524,415.93)</u>
Present Value of Minimum Lease Payments	<u><u>\$13,531,527.25</u></u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**Debt Service Requirements**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2021, including interest payments, are as follows:

Fiscal Year			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$1,720,000.00	\$1,079,191.67	\$2,799,191.67
2023	1,476,000.00	693,560.00	2,169,560.00
2024	1,515,000.00	663,650.00	2,178,650.00
2025	1,555,000.00	632,950.00	2,187,950.00
2026	1,595,000.00	601,450.00	2,196,450.00
2027	1,630,000.00	569,200.00	2,199,200.00
2028	1,675,000.00	536,150.00	2,211,150.00
2029	1,715,000.00	502,250.00	2,217,250.00
2030	1,760,000.00	467,500.00	2,227,500.00
2031	1,800,000.00	431,900.00	2,231,900.00
2032	1,845,000.00	395,450.00	2,240,450.00
2033	1,890,000.00	358,100.00	2,248,100.00
2034	1,940,000.00	319,800.00	2,259,800.00
2035	1,990,000.00	280,500.00	2,270,500.00
2036	2,040,000.00	240,200.00	2,280,200.00
2037	2,090,000.00	198,900.00	2,288,900.00
2038	2,140,000.00	156,600.00	2,296,600.00
2039	2,195,000.00	113,250.00	2,308,250.00
2040	2,250,000.00	68,800.00	2,318,800.00
2041	2,315,000.00	23,150.00	2,338,150.00
	<u>\$37,136,000.00</u>	<u>\$8,332,551.67</u>	<u>\$45,468,551.67</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2021	\$1,607,025.00	100.00%	\$1,607,025.00
2020	1,463,880.00	100.00%	1,463,880.00
2019	1,317,652.00	100.00%	1,317,652.00

During the fiscal years ended June 30, 2021, 2020, and 2019, the State of New Jersey contributed \$16,360,653.00, \$12,482,479.00, and \$11,017,473.00, respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the years ended June 30, 2021, 2020, and 2019 \$4,215,423.37, \$4,213,859.58, and \$4,329,332.79 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS)**

At June 30, 2021, the District reported a liability of \$23,955,743.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.1469011968 percent, which was a decrease of 0.0009772818 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,607,025 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$436,195	\$84,718
Changes of assumptions	777,151	10,030,497
Net difference between projected and actual earnings on pension plan investments	818,827	
Changes in proportion and differences between District contributions and proportionate share of contributions	891,044	186,565
District contributions subsequent to the measurement date	<u>1,614,550</u>	
	<u>\$4,537,767</u>	<u>\$10,301,780</u>

The \$1,614,550.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2021	(\$2,865,112)
2022	(2,599,669)
2023	(1,425,267)
2024	(492,434)
2025	<u>3,919</u>
	<u><u>(\$7,378,563)</u></u>

**Actuarial Assumptions**

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00%-6.00%	2.00%-6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	3.00%-7.00%	3.00%-7.00%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Long-Term Rate of Return (Continued)**

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the net pension liability	\$30,393,416	\$23,955,743	\$18,841,417

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF)**

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2021 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$367,554,890
	\$367,554,890

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2020, the proportion of the TPAF net pension liability associated with the District was 0.5581801153% which was an increase of 0.0094813435 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$22,856,128.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2020 measurement date.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.65%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Mortality Rate**

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 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2020 and June 30, 2019 respectively) 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, 2020 are summarized in the following table:

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

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.40% and 5.60% as of June 30, 2020 and 2019, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30, 2020 and 2019, and a municipal bond rate of 2.21% and 3.50% as of June 30, 2020 and 2019, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit 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. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. 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 or more years 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.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,108</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Total Non-Employer OPEB Liability**

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2021 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	327,524,434
	\$327,524,434

The total Non-Employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The total Non-Employer OPEB liability was determined separately based on actual data of the District.

For the year ended June 30, 2021, the District recognized on-behalf post-employment expense and revenue of \$16,900,888 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2020 measurement date.

At June 30, 2020, the District's proportion was 0.4830034134 percent, which was an increase of 0.0009548900 from its proportion measured as of June 30, 2019. The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Inputs**

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:

	<u>June 30, 2020</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-4.45%*	3.00-7.00%*	Applied to All Future Years
	<u>June 30, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
CPI – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

\*Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Input (Continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015— June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**Discount Rate**

The discount rate for June 30, 2020 and June 30, 2019 was 2.21% and 3.50% respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2019 to June 30, 2020.

Balance at 6/30/19		\$201,154,419
Changes for the year:		
Service cost	\$8,823,486	
Interest	7,253,299	
Changes of benefit terms		
Differences between expected and actual experience	55,994,877	
Changes in assumptions or other inputs	59,827,459	
Membership Contributions	172,825	
Benefit payments - Net	<u>(5,701,931)</u>	
Net changes		<u>126,370,015</u>
Balance at 6/30/20		<u><u>\$327,524,434</u></u>

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2020		
	<u>1.00%</u> <u>Decrease (1.21%)</u>	<u>At Discount</u> <u>Rate (2.21%)</u>	<u>1.00%</u> <u>Increase (3.21%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$394,847,611	\$327,524,434	\$274,884,194

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1.00%	June 30, 2020	1.00%
	<u>Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$264,388,768	\$327,524,434	\$402,704,980

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability**

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>		<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 49,726,741	\$	44,294,811
Changes of assumptions	55,710,827		37,372,393
Changes in proportion	5,334,395		763,257
	\$ 110,771,963	\$	82,430,461

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended	<u>Amount</u>
<u>June 30,</u>	
2021	\$1,124,047
2022	\$1,124,047
2023	\$1,124,047
2024	\$1,124,047
2025	\$1,124,047
Total	
Thereafter	<u>\$22,721,269</u>
	<u><u>\$28,341,502</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 8:      LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**NOTE 9:      CONTINGENCIES**

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2020-2021 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Property and Liability Insurance** - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

**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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee &amp; Board Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-21	\$ 125.96	\$ 404,163.93	\$ 236,660.33	\$ 322,574.12
2019-20	757.73	241,468.62	228,633.30	154,944.56
2018-19	1,000.03	204,091.99	179,014.83	141,351.51

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$17,661,534.50 in General Fund Balance at June 30, 2021, \$4,060,472.10 has been restricted in the Capital Reserve Account; \$2,235,122.10 has been restricted in the Maintenance Reserve Account; \$3,292,082.12 has been restricted as excess surplus - subsequent years' expenditures; \$4,533,115.40 has been restricted as excess surplus - current year; \$222,041.56 has been restricted for Unemployment; \$6,056.73 has been restricted as FFCRA/Semi; \$656,060.16 has been assigned for encumbrances; and \$2,656,584.33 is unassigned.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 12: CALCULATION OF EXCESS SURPLUS - BUDGETARY BASIS**

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2021 is \$0.00.

General Fund Expenditures	
Fiscal Year Ended June 30, 2021	\$147,413,668.54
Less:	
On-Behalf TPAF Pension & Social Security	
Reimbursemnt and Assets acquired under Capital Leases	<u>27,951,985.37</u>
Adjusted General Fund Expenditures	\$119,461,683.17
Excess Surplus Percentage	<u>4.00%</u>
4% of Adjusted 2020-21 General Fund Expenditures	\$4,778,467.33
Greater of line above or \$250,000.00	<u>4,778,467.33</u>
Add: Allowable Adjustments	<u>\$229,070.00</u>
Maximum Unreserved/Undesignated Fund Balance	\$5,007,537.33
Total Unassigned/Unrestricted Fund Balance	<u>9,540,652.73</u>
Excess Surplus	<u>\$4,533,115.40</u>

**NOTE 13: CAPITAL RESERVE ACCOUNT**

A capital reserve account was originally established by the Township of Hillsborough School District 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. The balance remaining in the reserve as of June 30, 2021 is \$4,060,472.10.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 13: CAPITAL RESERVE ACCOUNT (CONTINUED)**

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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to 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 year ending June 30, 2021 is as follows:

Balance, June 30, 2020	\$ 3,886,054.43
Board Resolution To Increase	1,380,900.00
Budgetary Close-Out	92,895.00
Allocated Interest	3,162.67
Budgeted	<u>(1,302,540.00)</u>
Balance, June 30, 2021	<u>\$ 4,060,472.10</u>

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 14: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve was established through a board resolution by the Township of Warren School District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the capital reserve for the year ending June 30, 2021 is as follows:

Balance, June 30, 2020	\$ 1,354,222.10
Board Resolution To Increase	1,380,900.00
Budgeted	<u>(500,000.00)</u>
Balance, June 30, 2021	<u>\$ 2,235,122.10</u>

**NOTE 15: INVENTORY**

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food, Commodities and Supplies     \$70,855.97

**NOTE 16: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2021.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 17: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences of the governmental fund types are recorded in the district-wide statement of net position. As of June 30, 2021, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$3,069,979.65.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021 no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

**Township of Hillsborough School District**  
**Notes to the Financial Statements**  
**June 30, 2021**

**NOTE 18: SUBSEQUENT EVENTS**

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 9, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that no subsequent events needed to be disclosed.

**NOTE 19: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balances sheet at June 30, 2021:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$48,274.46	
Special Revenue Fund		\$48,274.46
Capital Projects Fund		227,732.54
Debt Service Fund	227,732.54	
Food Service Fund	5,675.00	
Summer Enrichment Fund	<u>                    </u>	<u>5,675.00</u>
	<u>\$281,682.00</u>	<u>\$281,682.00</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

**NOTE 20: PRIOR PERIOD ADJUSTMENTS**

Net Position at June 30, 2020 has been adjusted to properly reflect a prior period adjustment due to GASB 84 implementation and other adjustments from the prior auditor's report:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Net Position 6/30/20	\$27,040,542.24	(\$174,037.24)
Adjustments:		
Capital Assets, Net	408,481.40	79,972.66
Net Pension Liability	(1,445,623.00)	
Unemployment	154,994.56	
Student Activities & Athletics	<u>775,823.00</u>	<u>                    </u>
Net Position 6/30/20 (As Restated)	<u>\$26,934,218.20</u>	<u>(\$94,064.58)</u>

**REQUIRED SUPPLEMENTARY INFORMATION – Part II**

**BUDGETARY COMPARISON SCHEDULES**

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 100,277,942.00	\$	\$ 100,277,942.00	\$ 100,277,942.00	\$
Tuition from individuals	462,315.00		462,315.00		(462,315.00)
Tuition from other LEA's within state	128,517.00		128,517.00	135,353.05	6,836.05
Transportation fees				19,000.00	19,000.00
Unrestricted miscellaneous revenues	896,115.00		896,115.00	794,549.61	(101,565.39)
Interest on capital reserve	2,000.00		2,000.00	3,162.67	1,162.67
<b>Total revenues-local sources</b>	<b>\$ 101,766,889.00</b>	<b>\$</b>	<b>\$ 101,766,889.00</b>	<b>\$ 101,230,007.33</b>	<b>\$ (536,881.67)</b>
State sources:					
Extraordinary aid	\$ 582,729.00	\$	\$ 582,729.00	\$ 746,529.00	\$ 163,800.00
Categorical special education aid	4,589,091.00		4,589,091.00	4,589,091.00	
Equalization aid	17,902,892.00		17,902,892.00	17,902,892.00	
Categorical security aid	194,605.00		194,605.00	194,605.00	
Categorical transportation aid	968,117.00		968,117.00	968,117.00	
Other state aids				65,270.00	65,270.00
On-behalf TPAF pension contributions (non-budgeted)				16,360,653.00	16,360,653.00
On-behalf TPAF prm contributions (non-budgeted)				5,127,174.00	5,127,174.00
On-behalf TPAF long-term disability insurance (non-budgeted)				8,735.00	8,735.00
Reimbursed TPAF social security cont. (non-budgeted)				4,215,423.37	4,215,423.37
<b>Total - state sources</b>	<b>\$ 24,237,434.00</b>	<b>\$</b>	<b>\$ 24,237,434.00</b>	<b>\$ 50,178,489.37</b>	<b>\$ 25,941,055.37</b>
Federal sources:					
SEMI Medicaid reimbursement	\$ 92,792.00	\$	\$ 92,792.00	\$ 56,948.87	\$ (35,843.13)
<b>Total - state sources</b>	<b>\$ 92,792.00</b>	<b>\$</b>	<b>\$ 92,792.00</b>	<b>\$ 56,948.87</b>	<b>\$ (35,843.13)</b>
<b>Total revenues</b>	<b>\$ 126,097,115.00</b>	<b>\$</b>	<b>\$ 126,097,115.00</b>	<b>\$ 151,465,445.57</b>	<b>\$ 25,368,330.57</b>

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	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	\$ 1,126,587.00	\$ 2,605.00	\$ 1,129,192.00	\$ 954,957.63	\$ 174,234.37
Grades 1-5 salaries of teachers	14,730,397.00	105,492.52	14,835,889.52	13,781,407.14	1,054,482.38
Grades 6-8 salaries of teachers	8,005,690.00	43,079.00	8,048,769.00	7,507,446.79	541,322.21
Grades 9-12 salaries of teachers	11,599,217.00	(147,726.00)	11,451,491.00	11,266,893.20	184,597.80
Salaries of teachers	66,300.00	(10,000.00)	56,300.00	19,876.80	36,423.20
Purchased professional education services	58,140.00	20,000.00	78,140.00	70,381.86	7,758.14
Other purchased services (400-500 series)	15,000.00		15,000.00	13,000.00	2,000.00
General supplies	711,336.00	2,437.96	713,773.96	504,608.65	209,165.31
Textbooks	45,646.00		45,646.00	29,811.65	15,834.35
Total regular programs - instruction	\$ 36,358,313.00	\$ 15,888.48	\$ 36,374,201.48	\$ 34,148,383.72	\$ 2,225,817.76
Learning and/or language disabilities					
Salaries of teachers	\$ 1,670,246.00	\$ 74,270.00	\$ 1,744,516.00	\$ 1,656,617.90	\$ 87,898.10
Other salaries for instruction	615,852.00	(138,000.00)	477,852.00	476,959.56	892.44
General Supplies	25,100.00		25,100.00	11,862.32	13,237.68
Total learning and/or language disabilities	\$ 2,311,198.00	\$ (63,730.00)	\$ 2,247,468.00	\$ 2,145,439.78	\$ 102,028.22
Auditory Impairments					
Salaries of Teachers	\$ 146,877.00	\$ 634.00	\$ 147,511.00	\$ 147,510.00	\$ 1.00
Total Auditory Impairments	\$ 146,877.00	\$ 634.00	\$ 147,511.00	\$ 147,510.00	\$ 1.00
Behavioral Disabilities					
Salaries of teachers	\$ 248,818.00	\$	\$ 248,818.00	\$ 242,875.00	\$ 5,943.00
Other salaries for instruction	1,570.00		1,570.00	611.97	958.03
Total behavioral disabilities	\$ 250,388.00	\$	\$ 250,388.00	\$ 243,486.97	\$ 6,901.03

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Resource room/ resource center					
Salaries of teachers	\$ 7,736,631.00	\$ 82,932.00	\$ 7,819,563.00	\$ 7,209,412.39	\$ 610,150.61
General supplies	47,000.00		47,000.00	31,405.11	15,594.89
Total resource room/ resource center	\$ 7,783,631.00	\$ 82,932.00	\$ 7,866,563.00	\$ 7,240,817.50	\$ 625,745.50
Autism					
Salaries of teachers	\$ 526,737.00	\$ 4,147.00	\$ 530,884.00	\$ 500,251.35	\$ 30,632.65
Other salaries for instruction	790,883.00		790,883.00	528,641.06	262,241.94
General supplies	12,000.00		12,000.00	5,389.33	6,610.67
Total autism	\$ 1,329,620.00	\$ 4,147.00	\$ 1,333,767.00	\$ 1,034,281.74	\$ 299,485.26
Preschool Disabilities- Part-Time					
Salaries of teachers	\$ 459,993.00	\$ (33,730.00)	\$ 426,263.00	\$ 400,158.00	\$ 26,105.00
Others Salaries for Instruction	328,193.00	9,747.00	337,940.00	337,939.55	0.45
General Supplies	2,850.00		2,850.00		2,850.00
Total Preschool Disabilities- Part-Time	\$ 791,036.00	\$ (23,983.00)	\$ 767,053.00	\$ 738,097.55	\$ 28,955.45
Bilingual education - instruction					
Salaries of teachers	\$ 931,924.00	\$	\$ 931,924.00	\$ 890,393.64	\$ 41,530.36
General supplies	84,277.00		84,277.00	10,057.94	74,219.06
Textbooks	6,600.00		6,600.00	5,550.00	1,050.00
Total bilingual education - instruction	\$ 1,022,801.00	\$	\$ 1,022,801.00	\$ 906,001.58	\$ 116,799.42
School-Spon. Co/Extra Curr. Actvs. - Inst					
Salaries	\$ 343,000.00	\$	\$ 343,000.00	\$ 256,862.15	\$ 86,137.85
Purchased Services (300-500 series)	7,383.00	(905.56)	6,477.44	6,477.44	
Supplies and materials	6,793.00	905.56	7,698.56	7,259.81	438.75
Total School-Spon. Co/Extra Curr. Actvs. - Inst	\$ 357,176.00	\$	\$ 357,176.00	\$ 264,121.96	\$ 93,054.04
School sponsored athletics - instruction					
Salaries	\$ 850,380.00	\$	\$ 850,380.00	\$ 802,022.76	\$ 48,357.24
Purchased Services (300-500 series)	130,402.00		130,402.00	75,531.00	54,871.00
Supplies and materials	193,508.00		193,508.00	182,986.80	10,521.20
Total school sponsored athletics - instruction	\$ 1,174,290.00	\$	\$ 1,174,290.00	\$ 1,060,540.56	\$ 113,749.44

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Summer school - instruction	\$ 212,279.00	\$ 30,097.79	\$ 242,376.79	\$ 203,414.76	\$ 38,962.03
Salaries of teachers	300,268.00	(30,097.79)	270,170.21	183,173.72	86,996.49
Other salaries of instruction	11,179.00		11,179.00	3,538.48	7,640.52
Salaries of Teacher Tutors	5,100.00		5,100.00	5,006.11	93.89
General Supplies	528,826.00		528,826.00	395,133.07	133,692.93
Total summer school - instruction	\$ 12,062.00	\$	\$ 12,062.00	\$	\$ 12,062.00
Summer school - support services	12,062.00		12,062.00		
Salaries	12,062.00		12,062.00		
Total Summer school - support services	\$ 3,690,974.00	\$ (2,966.00)	\$ 3,688,008.00	\$ 3,479,372.06	\$ 208,635.94
Other suppl/ at-risk prog - instruction	622,220.00	2,966.00	625,186.00	436,873.08	188,312.92
Salaries of teachers	4,313,194.00		4,313,194.00	3,916,245.14	396,948.86
Salaries of Reading Specialists					
Total other suppl/ at-risk prog - instruction	\$ 23,568.00	\$	\$ 23,568.00	\$ 22,149.00	\$ 1,419.00
Undistributed expenditures:	116,881.00		116,881.00	44,786.00	72,095.00
Instruction tuition:	161,713.00		161,713.00	124,182.00	37,531.00
Tuition to other LEAs within state - regular	73,869.00		73,869.00	49,950.00	23,919.00
Tuition to other LEAs within state - special	155,531.00	2,515.00	158,046.00	158,046.00	
Tuition to county voc. School dist. - regular	1,997,741.00	(2,515.00)	1,995,226.00	1,878,707.61	116,518.39
Tuition to county voc. School dist. - special	2,529,303.00		2,529,303.00	2,277,820.61	251,482.39
Tuition to CSSD & Reg. Day Schools					
Tuition to priv. sch. For the disabled w/ state					
Total instruction tuition	\$ 5,316.64	\$ 5,316.64	\$ 5,316.64	\$ 5,316.60	\$ 0.04
Attendance and social work:					
Salaries					
Total attendance and social work	\$ 1,034,749.00	\$ (90,063.98)	\$ 944,685.02	\$ 629,734.08	\$ 314,950.94
Health services:	47,018.00	91,597.00	138,615.00	138,583.25	31.75
Salaries	25,200.00		25,200.00	526.00	24,674.00
Purchased professional and technical services	29,125.00	360.00	29,485.00	19,847.72	9,637.28
Other Purchased Services (400-500 series)	1,136,092.00	1,893.02	1,137,985.02	788,691.05	349,293.97
Supplies and materials					
Total health services					

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Speech OT PT related svcs:					
Salaries	\$ 2,090,234.00	\$	\$ 2,090,234.00	\$ 1,768,883.92	\$ 321,350.08
Purchased Professional - Educational Services	1,117,972.00		1,117,972.00	1,041,080.64	76,891.36
Supplies and Materials	21,300.00		21,300.00	10,401.96	10,898.04
Total speech OT PT related svcs	\$ 3,229,506.00		\$ 3,229,506.00	\$ 2,820,366.52	\$ 409,139.48
OTH supp serv std extra:					
Salaries	\$ 3,046,803.00	\$ 43,000.00	\$ 3,089,803.00	\$ 3,087,557.00	\$ 2,246.00
Purchased professional - education services	64,945.00	(43,000.00)	21,945.00		21,945.00
Supplies and Materials	20,000.00		20,000.00	15,268.61	4,731.39
Total OTH supp serv std extra	\$ 3,131,748.00	\$	\$ 3,131,748.00	\$ 3,102,825.61	\$ 28,922.39
Guidance:					
Salaries of other professional staff	\$ 2,371,411.00	\$ 68.00	\$ 2,371,479.00	\$ 2,251,187.32	\$ 120,291.68
Salaries of secretarial and clerical assistants	2,140.00	763.00	2,903.00	2,903.00	
Supplies and materials	25,825.00		25,825.00	16,032.32	9,792.68
Total guidance	\$ 2,399,376.00	\$ 831.00	\$ 2,400,207.00	\$ 2,270,122.64	\$ 130,084.36
Child study teams:					
Salaries of other professional staff	\$ 2,163,028.00	\$ 29,676.00	\$ 2,192,704.00	\$ 2,156,902.80	\$ 35,801.20
Salaries of secretarial and clerical assistants	179,006.00	(6,240.00)	172,766.00	155,243.79	17,522.21
Other purchased prof. and tech. services	65,000.00		65,000.00	37,690.00	27,310.00
Supplies and materials	60,600.00		60,600.00	55,788.94	4,811.06
Total child study teams	\$ 2,467,634.00	\$ 23,436.00	\$ 2,491,070.00	\$ 2,405,625.53	\$ 85,444.47
Improvement of inst. serv:					
Sal of supervisor of instruction	\$ 966,779.00	\$ (97,768.12)	\$ 869,010.88	\$ 839,858.46	\$ 29,152.42
Sal of other professional staff	191,515.00	(29,287.00)	162,228.00	104,525.00	57,703.00
Sal of secr and clerical assist.	164,016.00	3,118.00	167,134.00	166,517.63	616.37
Other salaries	85,109.00		85,109.00	13,539.34	71,569.66
Supplies and materials	3,063,614.00	76,092.94	3,139,706.94	2,892,992.94	246,714.00
Total improvement of inst. serv.	\$ 4,471,033.00	\$ (47,844.18)	\$ 4,423,188.82	\$ 4,017,433.37	\$ 405,755.45

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Edu. media serv. / library:					
Salaries	\$ 867,544.00	\$ 3,534.48	\$ 871,078.48	\$ 865,790.00	\$ 5,288.48
Supplies and materials	89,000.00	(3,534.48)	85,465.52	83,426.44	2,039.08
Total edu. media serv./ library	\$ 956,544.00	\$	\$ 956,544.00	\$ 949,216.44	\$ 7,327.56
Instr. Staff training serv:					
Salaries of Other Professional Staff	\$ 104,351.00	\$	\$ 104,351.00	\$ 100,586.88	\$ 3,764.12
Other purchased services (400-500 series)	44,257.00		44,257.00	4,647.95	39,609.05
Total instr. Staff training serv.	\$ 148,608.00	\$	\$ 148,608.00	\$ 105,234.83	\$ 43,373.17
Support serv. Gen. admin:					
Salaries	\$ 585,279.00	\$ (48,000.00)	\$ 537,279.00	\$ 535,384.99	\$ 1,894.01
Unused Vacation Payments to Terminated/Retired Staff	179,119.00	23,219.00	23,219.00	23,219.00	0.85
Legal Services	35,000.00	35,591.10	214,710.10	214,709.25	0.85
Audit Fees	16,343.00	(2,600.00)	32,400.00	8,175.00	24,225.00
Other purchased professional services	30,995.00	(6,101.00)	10,242.00	10,232.25	9.75
Purchased Technical Services	236,922.00	(2,206.00)	28,789.00	28,762.70	26.30
Communications/ telephone	170,477.00	(18,613.10)	218,308.90	210,757.79	7,551.11
Misc. purch serv (400-500) other than 530 & 585	211,119.00	3,750.00	170,477.00	169,705.00	772.00
General supplies	37,879.00	14,960.00	214,869.00	102,835.54	112,033.46
Miscellaneous expenditures	27,000.00		52,839.00	52,838.07	0.93
BOE membership dues and fees			27,000.00		27,000.00
Total support serv. Gen. admin.	\$ 1,530,133.00	\$	\$ 1,530,133.00	\$ 1,356,619.59	\$ 173,513.41
Support serv. School admin:					
Salaries of principals/asst. principals/prog dir	\$ 2,305,856.00	\$ 68,254.00	\$ 2,374,110.00	\$ 2,356,780.46	\$ 17,329.54
Salaries of Other Professional Staff	549,281.00	2,673.00	551,954.00	551,953.20	0.80
Salaries of secretarial and clerical assistants	1,329,016.00	(53,796.00)	1,275,220.00	1,253,674.52	21,545.48
Unused Vacation Payment to Terminated/Retired Staff	17,279.00	43,265.00	60,544.00	60,543.54	0.46
Purchased Professional and Technical Services	15,000.00		15,000.00	8,341.90	6,658.10
Supplies and materials	242,264.00	(56,726.96)	185,537.04	90,103.56	95,433.48
Total support serv. School admin	\$ 4,458,696.00	\$ 3,669.04	\$ 4,462,365.04	\$ 4,321,397.18	\$ 140,967.86

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Central services:					
Salaries	\$ 1,066,945.00	\$ 38,352.00	\$ 1,105,297.00	\$ 1,104,799.20	\$ 497.80
Unused Vacation Payment to Terminated/Retired Staff		2,100.00	2,100.00	2,087.73	12.27
Purchased Professional Services	46,275.00	(12,252.00)	34,023.00	26,056.25	7,966.75
Purchased Technical Services	59,892.00	(32,000.00)	27,892.00	20,868.26	7,023.74
Misc. purchased services	292,879.00	(11,512.00)	281,367.00	188,195.40	93,171.60
Supplies and materials	28,935.00	8,512.00	37,447.00	37,261.89	185.11
Interest on lease purchase agreement	4,752.00		11,552.00	11,520.00	32.00
Total undistributed expenditure central services	\$ 1,499,678.00	\$ 6,800.00	\$ 1,499,678.00	\$ 1,390,788.73	\$ 108,889.27
Admin info technology:					
Salaries	\$ 568,498.00	\$ 63,584.91	\$ 632,082.91	\$ 632,082.91	\$
Purchased Technical Services	180,123.00	(63,093.00)	117,030.00	117,030.00	
Total admin info technology	\$ 748,621.00	\$ 491.91	\$ 749,112.91	\$ 749,112.91	\$
Required maint for sch fac.:					
Salaries	\$ 48,127.00	\$	\$ 48,127.00	\$ 47,802.24	\$ 324.76
Cleaning, repair, and maintenance services	510,024.00	(326,931.63)	183,092.37	66,828.07	116,264.30
General supplies	132,832.00	(20,775.00)	112,057.00	26,748.20	85,308.80
Total required maint for sch fac.	\$ 690,983.00	\$ (347,706.63)	\$ 343,276.37	\$ 141,378.51	\$ 201,897.86
Custodial services:					
Salaries	\$ 3,603,783.00	\$ (46,409.95)	\$ 3,557,373.05	\$ 3,518,109.68	\$ 39,263.37
Salaries of Non-Instructional Aides	399,224.00	(7,012.00)	392,212.00	339,020.07	53,191.93
Unused Vacation Payment to Terminated/Retired Staff	6,895.00	3,690.00	10,585.00	10,550.09	34.91
Purchased professional and technical services	150,000.00	(97,532.00)	52,468.00	52,467.83	0.17
Cleaning, repair, and maintenance services	334,048.00	614,089.96	948,137.96	947,038.51	1,099.45
Rental and land & bldg other than lease pur agrmt	52,020.00		52,020.00	52,020.00	
Lease Purchase Pymts- Energy Savings Impr Prog	936,881.00		936,881.00	936,880.61	0.39
Other Purchased Property Services	471,802.00	(164,173.00)	307,629.00	273,619.29	34,009.71
Insurance	581,243.00	8,873.00	590,116.00	590,053.50	62.50
General supplies	255,171.00	227,840.75	483,011.75	481,594.54	1,417.21
Energy (natural gas)	363,571.00	(36,728.00)	326,843.00	321,641.68	5,201.32
Energy (electricity)	949,855.00	(137,819.00)	812,036.00	808,182.84	3,853.16
Total custodial services	\$ 8,104,493.00	\$ 364,819.76	\$ 8,469,312.76	\$ 8,331,178.64	\$ 138,134.12

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Care and upkeep of grounds:					
Salaries	\$ 236,073.00	\$ 1,514.58	\$ 237,587.58	\$ 237,587.28	\$ 0.30
Cleaning, repair, and maintenance services	59,313.00	(9,418.00)	49,895.00	47,346.23	2,548.77
General supplies	35,511.00	7,903.42	43,414.42	33,587.54	9,826.88
Total care and upkeep of grounds	\$ 330,897.00	\$ 7,903.42	\$ 330,897.00	\$ 318,521.05	\$ 12,375.95
Security:					
General Supplies	5,685.00		5,685.00	5,685.00	
Total security	\$ 5,685.00	\$	\$ 5,685.00	\$ 5,685.00	\$
Student transportation serv:					
Salaries of Non-Instructional Aides	\$ 642,352.00	\$ (19,874.00)	\$ 622,478.00	\$ 292,037.63	\$ 330,440.37
Sal. For Pupil Trans (Bet Home & Sch)- Reg.	240,649.00	19,874.00	260,523.00	240,635.08	19,887.92
Sal. For Pupil Trans (Bet Home & Sch)- Sp Ed	895,096.00	(11,800.00)	883,296.00	779,406.45	103,889.55
Other Purchased Prof. and Technical Serv.	14,773.00		14,773.00	9,992.07	4,780.93
Cleaning, Repair, & amp; Maint. Services	10,725.00		10,725.00	859.39	9,865.61
Lease Purchase Payments - School Buses	172,912.00	122,725.92	295,637.92	295,583.08	54.84
Contract Serv. - Aid in Lieu Pymts-NonPub Sch	250,000.00		250,000.00	147,199.48	102,800.52
Contr serv (bet home and sch) vendors	4,900,877.00	(71,294.92)	4,829,582.08	4,173,521.64	656,060.44
Contr serv (other than bet home & amp; sch) vend	265,324.00	(39,631.00)	225,693.00	4,000.00	221,693.00
Contract Serv. - (Sp Ed Stds)-Vendors	448,709.00	(268,761.14)	179,947.86	68,119.28	111,828.58
Contract Serv. (Spl. Ed. Students)- ESCs & CTAS	1,200,777.00		1,200,777.00	613,990.28	586,786.72
Misc. Purchased Services - Transportation	92,222.00		92,222.00		92,222.00
General Supplies	2,000.00		2,000.00	1,170.88	829.12
Transportation Supplies	102,663.00		102,663.00	48,872.38	53,790.62
Other Objects	9,785.00	268,761.01	278,546.01		278,546.01
Total student trans serv	\$ 9,248,864.00	\$ (0.13)	\$ 9,248,863.87	\$ 6,675,387.64	\$ 2,573,476.23

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits:					
Social security contributions	\$ 1,372,761.00	\$	\$ 1,372,761.00	\$ 1,308,692.85	\$ 64,068.15
Other retirement contributions - PERS	1,649,756.00		1,649,756.00	1,616,537.28	33,218.72
Other retirement contributions - Regular	107,634.00		107,634.00	72,428.22	35,205.78
Unemployment compensation	67,047.00		67,047.00		67,047.00
Workmen's compensation	544,203.00		544,203.00	510,156.51	34,046.49
Health benefits	19,606,808.00	344,605.09	19,951,413.09	19,438,696.55	512,716.54
Tuition reimbursement	316,000.00		316,000.00	288,646.30	27,353.70
Other employee benefits	1,521,056.00	(439,000.00)	1,082,056.00	277,162.89	804,893.11
Total unallocated benefits	\$ 25,185,265.00	\$ (94,394.91)	\$ 25,090,870.09	\$ 23,512,320.60	\$ 1,578,549.49
On-behalf TPAF pension contributions (non-budgeted)				\$ 16,360,653.00	\$ (16,360,653.00)
On-behalf TPAF firm contributions (non-budgeted)				5,127,174.00	(5,127,174.00)
On-behalf TPAF long-term disability insurance (non-budgeted)				8,735.00	(8,735.00)
Reimbursed TPAF social security contributions (non-budgeted)				4,215,423.37	(4,215,423.37)
				\$ 25,711,985.37	\$ (25,711,985.37)
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 72,273,159.00	\$ (89,488.48)	\$ 72,183,670.52	\$ 91,257,028.42	\$ (19,073,357.90)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 128,652,571.00	\$ (73,600.00)	\$ 128,578,971.00	\$ 143,497,087.99	\$ (14,918,116.99)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs Instruction:					
Grade 6-8	\$	\$ 3,195.00	\$ 3,195.00	\$ 3,195.00	\$
Grade 9-12		(3,195.00)	24,305.00	23,796.28	508.72
Undistributed expenditures					
Instruction:					
Undist. Expend. - School Admin.	86,558.00	(58,932.00)	27,626.00	13,316.60	14,309.40
Undist. Expend. - Admin. Info Tech		58,932.00	58,932.00	55,152.00	3,780.00
Total equipment	\$ 114,058.00	\$	\$ 114,058.00	\$ 95,459.88	\$ 18,598.12

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Facilities acquisition and const. serv.					
Construction Services	\$ 1,302,540.00	\$ 10,650.00	\$ 1,313,190.00	\$ 1,220,295.00	\$ 92,895.00
Lease Purchase Agreements - Principal	135,213.00	(10,650.00)	124,563.00		124,563.00
Assessment for Debt Service on SDA Funding	71,124.00		71,124.00	71,124.00	
Total facilities acquisition and const. serv.	\$ 1,508,877.00	\$	\$ 1,508,877.00	\$ 1,291,419.00	\$ 217,458.00
Interest Deposit to Capital Reserve	2,000.00		2,000.00		2,000.00
Assets acquired under capital leases (non-budgeted)				\$ 2,240,000.00	\$ (2,240,000.00)
TOTAL CAPITAL OUTLAY	\$ 1,624,935.00	\$	\$ 1,624,935.00	\$ 3,626,878.88	\$ (2,001,943.88)
Transfer of funds to charter school	\$ 245,636.00	\$ 73,600.00	\$ 319,236.00	\$ 289,701.67	\$ 29,534.33
TOTAL TRANSFER TO CHARTER SCHOOLS	\$ 245,636.00	\$ 73,600.00	\$ 319,236.00	\$ 289,701.67	\$ 29,534.33
GENERAL FUND GRAND TOTAL	\$ 130,523,142.00	\$	\$ 130,523,142.00	\$ 147,413,668.54	\$ (16,890,526.54)

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Excess (deficiency) of revenues Over (under) expenditures	\$ (4,426,027.00)	\$	(4,426,027.00)	\$ 4,051,777.03	\$ (8,477,804.03)
Other financing sources (uses):					
Capital leases (non-budgeted)				\$ 2,240,000.00	
Total other financing sources (uses)				\$ 2,240,000.00	
Fund balance, July 1 (Restated)				\$ 13,720,710.47	
Fund balance, June 30				\$ 20,012,487.50	
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 3,292,082.12	
Excess Surplus - Current Year				4,533,115.40	
FFCRA / SEMI Designated				6,056.73	
Unemployment				222,041.56	
Maintenance Reserve				2,235,122.10	
Capital Reserve				4,060,472.10	
Assigned:					
Encumbrances				656,060.16	
Unassigned				5,007,537.33	
				\$ 20,012,487.50	
Reconciliation to Government Fund Statements					
Last state aid payments not recognized on GAAP basis				\$ (2,350,953.00)	
Fund balance per government funds (GAAP)				\$ 17,661,534.50	

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Federal sources	\$ 1,702,934.00	\$ 1,236,622.91	\$ 2,939,556.91	\$ 2,157,691.91	\$ (781,865.00)
State sources	24,613.00	17,603.00	42,216.00	33,470.00	(8,746.00)
Other sources		1,293,639.55	1,293,639.55	525,203.41	(768,436.14)
<b>Total revenues</b>	<b>\$ 1,727,547.00</b>	<b>\$ 2,547,865.46</b>	<b>\$ 4,275,412.46</b>	<b>\$ 2,716,365.32</b>	<b>\$ (1,559,047.14)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries	\$ 143,098.00	\$ 31,931.00	\$ 175,029.00	\$ 126,122.66	\$ 48,906.34
Tuition	1,454,687.00	353,299.00	1,807,986.00	1,534,313.40	273,672.60
General supplies		243,509.00	243,509.00	149,834.36	93,674.64
Textbooks	24,613.00	(19,908.00)	4,705.00	4,482.00	223.00
Other objects		8,550.00	8,550.00	3,087.00	5,463.00
<b>Total instruction</b>	<b>\$ 1,622,398.00</b>	<b>\$ 617,381.00</b>	<b>\$ 2,239,779.00</b>	<b>\$ 1,817,839.42</b>	<b>\$ 421,939.58</b>
Support services:					
Other salaries		\$ 83,074.50	\$ 83,074.50	\$ 1,700.00	\$ 81,374.50
Personal services - employee benefits		72,123.00	72,123.00	50,347.34	21,775.66
Purchased professional educational services		210,196.00	210,196.00	23,913.00	186,283.00
Other purchased services	105,149.00	19,150.76	124,299.76	53,455.36	70,844.40
Supplies and materials		289,410.00	289,410.00	288,403.00	1,007.00
Student Activities		1,256,530.20	1,256,530.20	517,998.17	738,532.03
<b>Total support services</b>	<b>\$ 105,149.00</b>	<b>\$ 1,930,484.46</b>	<b>\$ 2,035,633.46</b>	<b>\$ 935,816.87</b>	<b>\$ 1,099,816.59</b>
<b>Total expenditures</b>	<b>\$ 1,727,547.00</b>	<b>\$ 2,547,865.46</b>	<b>\$ 4,275,412.46</b>	<b>\$ 2,753,656.29</b>	<b>\$ 1,521,756.17</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				<b>\$ (37,290.97)</b>	
<b>Fund Balance, July 1 (As Restated)</b>				<b>\$ 775,823.00</b>	
<b>Fund Balance, June 30</b>				<b>\$ 738,532.03</b>	

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 151,465,445.57	\$ 2,716,365.32
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,421,563.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,350,953.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 151,536,055.57	\$ 2,716,365.32
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 147,413,668.54	\$ 2,753,656.29
Difference - 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 purposes		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 147,413,668.54	\$ 2,753,656.29

**REQUIRED SUPPLEMENTARY INFORMATION – Part III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)**

Township of Hillsborough School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employees Retirement System  
Last Ten Years

Measurement Date Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1342369500%	\$ 25,655,345.00	\$ 9,100,170.24	281.92%	48.72%
2014	0.1327016181%	24,845,372.00	9,285,888.00	267.56%	52.08%
2015	0.1395906252%	31,335,298.00	9,534,778.00	328.64%	47.92%
2016	0.1403259841%	41,560,532.00	9,646,760.00	430.82%	40.14%
2017	0.0014017007%	32,629,352.00	9,962,309.00	327.53%	48.10%
2018	0.1460092189%	28,748,487.00	10,271,051.00	279.90%	53.60%
2019	0.1478764786%	26,645,458.00	10,850,004.00	245.58%	56.27%
2020	0.1469011968%	23,955,743.00	10,169,864.00	235.56%	58.32%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Township of Hillsborough School District  
Schedule of the District's Contributions  
Public Employees Retirement System  
Last Ten Years

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 981,615	\$ 981,615	\$ -0-	9,285,888.00	10.57%
2015	1,093,973	1,093,973	-0-	9,534,778.00	11.47%
2016	1,200,105	1,200,105	-0-	9,646,760.00	12.44%
2017	1,253,676	1,253,676	-0-	9,962,309.00	12.58%
2018	1,317,652	1,317,652	-0-	10,271,051.00	12.83%
2019	1,463,880	1,463,880	-0-	10,850,004.00	13.49%
2020	1,607,025	1,607,025	-0-	10,169,864.00	15.80%
2021	1,614,550	1,614,550	-0-	10,388,817.00	15.54%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.



Township of Hillsborough School District  
Notes to the Required Supplementary Information Part III  
For The Fiscal Year Ended June 30, 2021

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms: None

Change in assumptions: The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms: None

Change in assumptions: The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)**

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TEN YEARS

	Measurement Date Ended June 30,			
	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the District				
Balance at 6/30	\$201,154,419	\$237,687,963	\$257,531,201	*
Changes for the year:				
Service cost	8,823,486	9,387,376	11,331,790	*
Interest	7,253,299	9,335,608	8,052,210	*
Changes of benefit terms				
Differences between expected and actual experience	55,994,877	(24,662,913)		*
Changes in assumptions or other inputs	59,827,459	(24,975,324)	(33,556,812)	*
Membership Contributions	172,825	201,336	216,782	*
Benefit payments - Net	(5,701,931)	(5,819,627)	(5,887,208)	*
Net changes	<u>126,370,015</u>	<u>(36,533,544)</u>	<u>(19,843,238)</u>	
Balance at 6/30	<u>\$327,524,434</u>	<u>\$201,154,419</u>	<u>\$237,687,963</u>	*
Covered Employee Payroll	69,411,658	71,128,750	69,885,423	67,529,563
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	- 0 -	- 0 -	- 0 -	- 0 -
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	471.86%	282.80%	363.81%	405.77%
* - Data Not Available				

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Change in benefit terms:     None

Change in assumptions:

The following assumptions were used in calculating the net OPEB liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2020	2.21%
2019	3.50%
2018	3.87%

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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

	IDEA BASIC	IDEA PRESCHOOL	TITLE I.A	TITLE II.A	TITLE III	CARES ACT	ESSER	DIGITAL DIVIDE	CRF GRANT
REVENUES:									
Federal sources	\$ 1,545,859.00	\$ 55,001.00	\$ 121,469.00	\$ 29,460.00	\$ 279.00	\$ 25,617.91	\$ 101,591.00	\$ 3,087.00	\$ 274,300.00
State sources									
Other sources									
Total revenues	\$ 1,545,859.00	\$ 55,001.00	\$ 121,469.00	\$ 29,460.00	\$ 279.00	\$ 25,617.91	\$ 101,591.00	\$ 3,087.00	\$ 274,300.00
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$	\$ 41,557.00	\$	\$	\$	\$	\$	\$	\$
Tuition	\$ 1,534,313.40								
General supplies					279.00	25,617.91	101,591.00		
Textbooks									
Other objects								3,087.00	
Total instruction	\$ 1,534,313.40	\$ 41,557.00	\$ 84,565.66	\$ 279.00	\$ 279.00	\$ 25,617.91	\$ 101,591.00	\$ 3,087.00	\$ 274,300.00
Support services:									
Other salaries	\$	\$	\$	\$ 1,700.00	\$	\$	\$	\$	\$
Personal services - employee benefits	\$ 300.00	\$ 13,444.00	\$ 36,903.34	\$ 7,700.00	\$	\$	\$	\$	\$
Purchased professional educational services	\$ 11,245.60			\$ 20,060.00	\$ 1,028.00				\$ 274,300.00
Other purchased services									
Supplies and materials									
Student Activities									
Total support services	\$ 11,545.60	\$ 13,444.00	\$ 36,903.34	\$ 29,460.00	\$ 1,028.00	\$ 25,617.91	\$ 101,591.00	\$ 3,087.00	\$ 274,300.00
Total expenditures	\$ 1,545,859.00	\$ 55,001.00	\$ 121,469.00	\$ 29,460.00	\$ 279.00	\$ 25,617.91	\$ 101,591.00	\$ 3,087.00	\$ 274,300.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1 (As Restated)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$	\$

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

	NURSING	NONPUBLIC TEXTBOOK	SECURITY	EXAMINATION CLASSIFICATION	CHAPTER 183 CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	LOCAL/ OTHER	STUDENT ACTIVITIES	TOTAL
REVENUES:									
Federal sources	\$ 6,487.00	\$ 4,482.00	\$ 13,075.00	\$ 3,899.00	\$ 3,099.00	\$ 2,428.00	\$	\$	\$ 2,157,691.91
State sources							44,496.21	480,707.20	35,470.00
Other sources									525,203.41
Total revenues	\$ 6,487.00	\$ 4,482.00	\$ 13,075.00	\$ 3,899.00	\$ 3,099.00	\$ 2,428.00	\$ 44,496.21	\$ 480,707.20	\$ 2,716,365.32
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$	\$	\$ 126,122.66
Tuition									1,534,313.40
General supplies		4,482.00					22,346.45		149,634.36
Textbooks									4,482.00
Other objects									3,087.00
Total instruction	\$	\$ 4,482.00	\$	\$	\$	\$	\$ 22,346.45	\$	\$ 1,817,639.42
Support services:									
Other salaries	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,700.00
Personal services - employee benefits									50,347.34
Purchased professional educational services	6,487.00			3,899.00	3,099.00	2,428.00			23,913.00
Other purchased services							22,149.76		53,455.36
Supplies and materials			13,075.00						268,403.00
Student Activities								517,998.17	517,998.17
Total support services	\$ 6,487.00	\$	\$ 13,075.00	\$ 3,899.00	\$ 3,099.00	\$ 2,428.00	\$ 22,149.76	\$ 517,998.17	\$ 935,816.87
Total expenditures	\$ 6,487.00	\$ 4,482.00	\$ 13,075.00	\$ 3,899.00	\$ 3,099.00	\$ 2,428.00	\$ 44,496.21	\$ 517,998.17	\$ 2,753,656.29
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$ (37,290.97)	\$ (37,290.97)
Fund Balance, July 1 (As Restated)	\$	\$	\$	\$	\$	\$	\$	\$ 775,823.00	\$ 775,823.00
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$ 739,532.03	\$ 739,532.03

**CAPITAL PROJECTS FUND DETAIL STATEMENTS**

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUES AND OTHER FINANCING SOURCES:	
Debt Proceeds-Principal	\$ 35,416,000.00
Total revenues and other financing sources	\$ <u>35,416,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:	
Capital outlay	
Other purchased professional and technical services	\$ 1,437,777.56
Construction services	16,617,013.71
Transfer Out-Capital Reserve	\$ <u>227,732.54</u>
Total expenditures and other financing uses	\$ <u>18,282,523.81</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 17,133,476.19
Fund balance (deficit) - July 1	<u>(910,389.20)</u>
Fund balance - June 30	\$ <u>16,223,086.99</u>
<u>Reconciliation to GAAP Basis:</u>	
Encumbrances	\$ <u>1,098,993.50</u>
Total fund balance (Deficit) - GAAP basis (B-2)	\$ <u>17,322,080.49</u>

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS - HIGH SCHOOL TURF & MIDDLE SCHOOL PAVING  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Debt Proceeds	\$ 1,932,000.00	\$	\$ 1,932,000.00	\$ 1,932,000.00
Transfer - Debt Service		<u>(227,732.54)</u>	<u>(227,732.54)</u>	
Total revenues and other financing sources	<u>\$ 1,932,000.00</u>	<u>\$ (227,732.54)</u>	<u>\$ 1,704,267.46</u>	<u>\$ 1,932,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal services	\$	\$	\$	
Other purchased professional and technical services	126,117.42		126,117.42	
Construction services	<u>1,578,150.04</u>		<u>1,578,150.04</u>	
Total expenditures and other financing uses	<u>\$ 1,704,267.46</u>	<u>\$</u>	<u>\$ 1,704,267.46</u>	<u>\$ 1,932,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 227,732.54</u>	<u>\$ (227,732.54)</u>	<u>\$</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Debt authorization date		3/8/16		
Debt authorized (adjusted)	\$2,034,509.00			
Debt issued	\$1,932,000.00			
Original authorized cost	\$2,034,509.00			
Additional authorized cost	-\$102,509.00			
Revised authorized cost	\$1,932,000.00			
Percentage increase over original authorized cost		-5.039%		
Percentage completion		100.00%		

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
 BUDGETARY BASIS - VARIOUS IMPROVEMENTS-ALL SCHOOLS  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Debt Proceeds	\$ _____	\$ 35,416,000.00	\$ 35,416,000.00	\$ 35,416,000.00
Total revenues and other financing sources	\$ _____	\$ 35,416,000.00	\$ 35,416,000.00	\$ 35,416,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Other purchased professional and technical services	\$ 823,737.14	\$ 1,437,777.56	\$ 2,261,514.70	
Construction services	<u>314,384.60</u>	<u>16,617,013.21</u>	<u>16,931,397.81</u>	
Total expenditures and other financing uses	\$ <u>1,138,121.74</u>	\$ <u>18,054,790.77</u>	\$ <u>19,192,912.51</u>	\$ 35,416,000.00
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(1,138,121.74)</u>	\$ <u>17,361,209.23</u>	\$ <u>16,223,087.49</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number		N/A		
Grant date		N/A		
Debt authorization date		12/10/19		
Debt authorized (adjusted)	\$35,416,740.00			
Debt issued	\$35,416,000.00			
Original authorized cost	\$35,416,740.00			
Additional authorized cost	(\$740.00)			
Revised authorized cost	\$35,416,000.00			
Percentage increase over original authorized cost		-0.002%		
Percentage completion		54.19%		

EXHIBIT "F-2"

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATION</u>	<u>PRIOR YEARS</u>	<u>EXPENDITURES TO DATE</u>	<u>CURRENT YEAR *</u>	<u>(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2021</u>
High School Turf & Middle School Paving	3/8/16	\$ 2,034,509.00	\$ 1,806,776.46	\$ 227,732.54	\$	
Various Improvements - All Schools	12/10/19	<u>35,416,000.00</u>	<u>1,138,121.74</u>	<u>18,054,791.27</u>	<u>16,223,086.99</u>	
		<u>\$ 37,450,509.00</u>	<u>\$ 2,944,898.20</u>	<u>\$ 18,282,523.81</u>	<u>\$ 16,223,086.99</u>	

\* - includes adjustments for closed projects

## PROPRIETARY FUND DETAIL STATEMENTS

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

- Food Services Fund:** This fund provides for the operation of food services within the school district.
- Summer Enrichment Fund:** This fund provides for the operation of a summer enrichment program within the school district.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>SUMMER ENRICHMENT</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 50,260.91	\$ 258,926.46	\$ 309,187.37
Accounts receivable:			
State	13,942.13		13,942.13
Federal	337,086.59		337,086.59
Other	3,081.75		3,081.75
Interfunds Receivable		5,675.00	5,675.00
Inventories	<u>70,855.97</u>		<u>70,855.97</u>
Total current assets	<u>\$ 475,227.35</u>	<u>\$ 264,601.46</u>	<u>\$ 739,828.81</u>
Noncurrent assets:			
Furniture, machinery & equipment	\$ 746,854.60		\$ 746,854.60
Less accumulated depreciation	<u>(616,716.25)</u>		<u>(616,716.25)</u>
Total noncurrent assets	<u>\$ 130,138.35</u>		<u>\$ 130,138.35</u>
Total assets	<u>\$ 605,365.70</u>	<u>\$ 264,601.46</u>	<u>\$ 869,967.16</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Unearned revenue	\$ 216,670.19	\$ 171,885.00	\$ 388,555.19
Interfunds payable	5,675.00		5,675.00
Accounts payable			0.00
Total current liabilities	<u>\$ 222,345.19</u>	<u>\$ 171,885.00</u>	<u>\$ 394,230.19</u>
Total liabilities	<u>\$ 222,345.19</u>	<u>\$ 171,885.00</u>	<u>\$ 394,230.19</u>
<b>NET POSITION:</b>			
Net investments in capital assets	\$ 130,138.35		\$ 130,138.35
Unrestricted	<u>252,882.16</u>	<u>92,716.46</u>	<u>345,598.62</u>
Total net position	<u>\$ 383,020.51</u>	<u>\$ 92,716.46</u>	<u>\$ 475,736.97</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u> <u>SERVICE</u>	<u>SUMMER</u> <u>ENRICHMENT</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>			
Charges for services:			
Sales-Nonreimbursable	\$ 2,029.00	\$	\$ 2,029.00
Miscellaneous Revenue		38,663.96	38,663.96
<b>Total operating revenues</b>	<b>\$ 2,029.00</b>	<b>\$ 38,663.96</b>	<b>\$ 40,692.96</b>
<b>OPERATING EXPENSES:</b>			
Cost of sales-Reimbursable	\$ 4,439.00	\$	\$ 4,439.00
Cost of sales-Nonreimbursable	706,212.68		706,212.68
Salaries	545,138.47	5,015.00	550,153.47
Employee benefits	224,534.43	383.65	224,918.08
Other purchased services	235,885.00	725.00	236,610.00
Miscellaneous Expenses	492,121.33	2,315.26	494,436.59
Depreciation	25,644.62		25,644.62
<b>Total operating expenses</b>	<b>\$ 2,233,975.53</b>	<b>\$ 8,438.91</b>	<b>\$ 2,242,414.44</b>
<b>Operating income (loss)</b>	<b>\$ (2,231,946.53)</b>	<b>\$ 30,225.05</b>	<b>\$ (2,201,721.48)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State sources			
School lunch program	\$ 78,050.95		\$ 78,050.95
Federal sources			
School lunch and PB programs	1,659,931.44		1,659,931.44
School breakfast program	876,332.52		876,332.52
P-EBT Administrative Cost Reimbursement	614.00		614.00
Emergency Operational Cost Reimbursement	37,400.34		37,400.34
National food distribution commodities	119,193.78		119,193.78
<b>Total nonoperating revenues</b>	<b>\$ 2,771,523.03</b>		<b>\$ 2,771,523.03</b>
<b>Net income</b>	<b>\$ 539,576.50</b>	<b>\$ 30,225.05</b>	<b>\$ 569,801.55</b>
<b>Total net position - July 1 (as restated)</b>	<b>(156,555.99)</b>	<b>62,491.41</b>	<b>(94,064.58)</b>
<b>Total net position - June 30</b>	<b>\$ 383,020.51</b>	<b>\$ 92,716.46</b>	<b>\$ 475,736.97</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u>	<u>SUMMER</u>	<u>TOTAL</u>
	<u>SERVICE</u>	<u>ENRICHMENT</u>	
Cash flows from operating activities:			
Receipts from customers	\$ 30,164.10	\$ 177,560.00	\$ 207,724.10
Payments to employees	(545,138.47)	(5,015.00)	(550,153.47)
Payments to employee benefits	(224,534.43)	(383.65)	(224,918.08)
Payment to suppliers	<u>(1,587,054.51)</u>	<u>(8,715.26)</u>	<u>(1,595,769.77)</u>
Net cash provided (used for) by operating activities	\$ <u>(2,326,563.31)</u>	\$ <u>163,446.09</u>	\$ <u>(2,163,117.22)</u>
Cash flows from noncapital financing activities:			
State sources	\$ 64,647.06		\$ 64,647.06
Federal sources	<u>2,415,544.44</u>		<u>2,415,544.44</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>2,480,191.50</u>		\$ <u>2,480,191.50</u>
Net increase (decrease) in cash and cash equivalents	\$ 153,628.19	\$ 163,446.09	\$ 317,074.28
Cash and cash equivalents - July 1	<u>(103,367.28)</u>	<u>95,480.37</u>	<u>(7,886.91)</u>
Cash and cash equivalents - June 30	\$ <u><u>50,260.91</u></u>	\$ <u><u>258,926.46</u></u>	\$ <u><u>309,187.37</u></u>
Operating income (loss)	\$ (2,231,946.53)	\$ 30,225.05	\$ (2,201,721.48)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	25,644.62		25,644.62
Change in assets and liabilities:			
(Increase) Decrease in Inventory	(29,915.51)		(29,915.51)
(Increase) Decrease in accounts receivable	19,932.84		19,932.84
(Increase) Decrease in interfund receivable	5,675.00	(5,675.00)	
Increase (Decrease) in unearned revenue	8,202.26	138,896.04	147,098.30
Increase (Decrease) in accounts payable	<u>(124,155.99)</u>		<u>(124,155.99)</u>
Net cash provided (used) by operating activities	\$ <u><u>(2,326,563.31)</u></u>	\$ <u><u>163,446.09</u></u>	\$ <u><u>(2,163,117.22)</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**LONG-TERM LIABILITY SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 LONG-TERM LIABILITY  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2021

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2020	ISSUED	RETIRED	BALANCE JUNE 30, 2021
Refunding 2001	10/1/01	\$ 25,300,000.00	10/1/21	\$ 1,720,000.00	5.375%	\$ 3,440,000.00		\$ 1,720,000.00	\$ 1,720,000.00
Refunding 2007	9/27/07	9,095,000.00				770,000.00		770,000.00	
Bonds 2021	7/9/20	35,416,000.00	7/15/22	1,476,000.00	2.000%				
			7/15/23	1,515,000.00	2.000%				
			7/15/24	1,555,000.00	2.000%				
			7/15/25	1,595,000.00	2.000%				
			7/15/26	1,630,000.00	2.000%				
			7/15/27	1,675,000.00	2.000%				
			7/15/28	1,715,000.00	2.000%				
			7/15/29	1,760,000.00	2.000%				
			7/15/30	1,800,000.00	2.000%				
			7/15/31	1,845,000.00	2.000%				
			7/15/32	1,890,000.00	2.000%				
			7/15/33	1,940,000.00	2.000%				
			7/15/34	1,990,000.00	2.000%				
			7/15/35	2,040,000.00	2.000%				
			7/15/36	2,090,000.00	2.000%				
			7/15/37	2,140,000.00	2.000%				
			7/15/38	2,195,000.00	2.000%				
			7/15/39	2,250,000.00	2.000%				
			7/15/40	2,315,000.00	2.000%				
						\$ 4,210,000.00	\$ 35,416,000.00	\$ 2,490,000.00	\$ 37,136,000.00

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 AS OF JUNE 30, 2021

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE JUNE 30, 2020</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2021</u>
Energy Savings Program	6/24/14	19	\$ 16,085,000.00	\$ 5,126,131.45	\$ 12,242,092.31	\$	\$ 593,866.07	\$ 11,648,226.24
Various Equipment	8/25/17	5	676,266.72	23,557.61	272,781.42		135,213.01	137,568.41
Various Equipment	7/1/20	5	2,240,000.00	60,037.65		2,240,000.00	494,267.40	1,745,732.60
					<u>\$ 12,514,873.73</u>	<u>\$ 2,240,000.00</u>	<u>\$ 1,223,346.48</u>	<u>\$ 13,531,527.25</u>

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
DEBT SERVICE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,252,361.00	\$ 2,252,361.00	\$
State Sources:			
Debt Service Aid	<u>406,113.00</u>	<u>406,113.00</u>	<u>                    </u>
Total Revenues	\$ <u>2,658,474.00</u>	\$ <u>2,658,474.00</u>	\$ <u>                    </u>
EXPENDITURES:			
Regular Debt Service:			
Interest	\$ 168,474.00	\$ 168,308.45	\$ (165.55)
Redemption of Principal	<u>2,490,000.00</u>	<u>2,490,000.00</u>	<u>                    </u>
Total Debt Service	\$ <u>2,658,474.00</u>	\$ <u>2,658,308.45</u>	\$ <u>(165.55)</u>
Total Expenditures	\$ <u>2,658,474.00</u>	\$ <u>2,658,308.45</u>	\$ <u>(165.55)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 165.55	\$ (165.55)
Other Financing Sources:			
Operating Transfers In	<u>                    </u>	<u>227,732.54</u>	<u>227,732.54</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures		\$ 227,898.09	
Fund Balance, July 1		<u>13,434.13</u>	
Fund Balance, June 30		<u>\$ 241,332.22</u>	

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**STATISTICAL SECTION**

**(UNAUDITED)**

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 to J-5
Revenue Capacity:  These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to 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 to 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.	J-14 to J-15
Operating Information:  These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Governmental activities</b>										
Net investment in capital assets	\$ 34,072,683.95	\$ 50,405,821.30	\$ 48,812,190.26	\$ 48,345,679.78	\$ 47,960,948.45	\$ 45,360,738.70	\$ 44,936,245.98	\$ 43,995,299.26	\$ 43,150,725.33	\$ 42,355,314.43
Restricted	32,028,595.30	9,963,859.74	6,016,790.55	5,772,044.54	6,917,932.58	7,657,566.34	6,974,166.75	6,549,112.13	6,993,704.45	6,819,276.65
Unrestricted (Deficit)	(31,091,641.16)	(33,329,138.80)	(32,754,758.44)	(32,460,603.28)	(31,114,693.61)	(27,805,455.65)	(26,827,088.77)	(1,929,994.02)	(1,794,074.83)	(672,254.74)
<b>Total governmental activities net position</b>	<b>\$ 35,009,638.09</b>	<b>\$ 27,040,542.24</b>	<b>\$ 22,074,222.37</b>	<b>\$ 21,657,121.04</b>	<b>\$ 23,764,187.42</b>	<b>\$ 25,212,849.39</b>	<b>\$ 25,083,343.96</b>	<b>\$ 48,614,417.37</b>	<b>\$ 48,350,354.95</b>	<b>\$ 48,502,396.34</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 130,138.35	\$ 75,810.31	\$ 90,931.41	\$ 106,160.66	\$ 121,389.91	\$ 136,619.16	\$ 136,519.41	\$ 21,308.09	\$ 26,143.55	\$ 31,590.24
Unrestricted (Deficit)	345,598.62	(249,847.55)	43,246.55	(52,566.19)	(49,064.15)	(93,184.82)	(60,229.51)	2,627.36	72,846.36	154,923.55
<b>Total business-type activities net position</b>	<b>\$ 475,736.97</b>	<b>\$ (174,037.24)</b>	<b>\$ 134,177.96</b>	<b>\$ 53,594.47</b>	<b>\$ 72,325.76</b>	<b>\$ 43,434.34</b>	<b>\$ 76,289.90</b>	<b>\$ 23,935.45</b>	<b>\$ 99,989.91</b>	<b>\$ 196,513.79</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 34,202,822.30	\$ 50,481,631.61	\$ 48,903,121.67	\$ 48,451,840.44	\$ 48,082,338.36	\$ 45,497,357.86	\$ 45,072,765.39	\$ 44,016,607.35	\$ 43,176,868.88	\$ 42,386,904.67
Restricted	32,028,595.30	9,963,859.74	6,016,790.55	5,772,044.54	6,917,932.58	7,657,566.34	6,974,166.75	6,549,112.13	6,993,704.45	6,819,276.65
Unrestricted (Deficit)	(30,746,042.54)	(33,578,986.35)	(32,711,511.89)	(32,513,169.47)	(31,163,757.76)	(27,888,640.47)	(26,887,318.28)	(1,927,366.66)	(1,721,228.47)	(507,331.19)
<b>Total district net position</b>	<b>\$ 35,485,375.06</b>	<b>\$ 26,866,505.00</b>	<b>\$ 22,208,400.33</b>	<b>\$ 21,710,715.51</b>	<b>\$ 23,896,513.18</b>	<b>\$ 25,256,283.73</b>	<b>\$ 25,159,633.86</b>	<b>\$ 48,538,352.82</b>	<b>\$ 48,449,344.86</b>	<b>\$ 48,696,860.13</b>

Source: ACFR Schedule A-1

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>EXPENSES &amp; INDIRECT ALLOCATIONS</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 70,666,954.42	\$ 61,926,461.04	\$ 67,101,644.18	\$ 66,378,236.61	\$ 51,175,296.57	\$ 50,531,283.66	\$ 49,260,337.07	\$ 49,952,207.58	\$ 49,983,064.89	\$ 50,399,911.17
Special education	27,949,753.80	22,155,440.64	22,681,029.47	23,265,543.73	17,517,502.00	16,983,733.23	15,693,733.23	14,337,788.64	13,111,512.13	12,788,614.91
Other instruction	11,979,540.94	11,964,196.25	12,797,239.68	13,450,379.87	9,819,139.60	9,719,504.89	9,362,705.55	8,801,518.50	8,726,547.42	8,560,570.18
Support Services:										
Tuition		2,258,300.20	1,904,426.32	2,485,988.81	2,459,696.82	2,507,495.43	3,112,934.99	2,264,367.23	2,961,675.12	2,375,116.06
Student & instruction related services	26,151,901.18	25,914,554.80	28,738,881.45	28,407,728.41	21,587,315.34	20,778,859.76	18,676,090.78	19,383,767.29	20,440,769.81	18,694,430.24
School administrative services	7,247,320.75	7,712,188.27	7,970,790.58	7,986,281.28	6,113,463.35	5,782,942.61	5,773,292.50	5,497,368.34	5,476,822.34	5,338,668.27
General administrative services	1,765,703.36	5,147,570.24	5,474,583.18	5,973,662.13	4,640,663.36	4,601,059.35	4,243,277.89	4,296,064.41	3,667,823.90	3,396,711.43
Central services	1,765,926.41									
Administration information technology	947,589.81									
Plant operations and maintenance	10,576,515.78	12,284,432.24	13,190,509.88	12,488,506.59	9,530,527.00	9,044,921.66	9,301,598.32	9,422,190.54	9,586,612.06	8,525,026.90
Student transportation services	7,327,550.88	8,837,432.11	8,940,841.10	9,594,801.36	8,028,301.78	8,077,405.90	6,984,428.87	7,149,961.44	7,496,441.30	6,896,741.10
Charter Schools		219,973.67						70,901.00	40,388.00	
SDA Debt Service Assessment		71,124.00	71,124.00	71,124.00	71,124.00	71,124.00	71,124.00	71,124.00	71,124.00	51,824.00
Interest on long-term debt	731,966.65	225,420.00	377,744.25	501,111.25	824,247.12	747,576.50	870,873.63	993,412.87	1,113,514.70	1,264,213.47
Total governmental activities expenses	\$ 167,104,684.00	\$ 158,717,105.46	\$ 169,248,814.09	\$ 172,593,554.04	\$ 131,767,276.96	\$ 128,815,917.91	\$ 123,350,386.63	\$ 122,240,671.84	\$ 122,876,095.87	\$ 118,281,847.23
Business-type activities:										
Food Service	\$ 2,233,975.53	\$ 2,169,187.22	\$ 2,744,933.04	\$ 2,791,241.24	\$ 2,726,769.96	\$ 2,708,137.81	\$ 2,405,081.39	\$ 2,400,677.01	\$ 2,435,393.13	\$ 2,604,821.91
Summer Enrichment	8,438.91	150,686.60	95,459.55	151,286.46	153,995.41	205,965.32	168,150.16	157,261.02	156,445.81	161,100.34
Total business-type activities expense	\$ 2,242,414.44	\$ 2,319,873.82	\$ 2,840,392.59	\$ 2,942,527.70	\$ 2,880,765.37	\$ 2,914,103.13	\$ 2,573,231.55	\$ 2,557,938.03	\$ 2,591,838.94	\$ 2,765,922.25
Total district expenses	\$ 169,347,078.44	\$ 161,036,979.28	\$ 172,089,206.68	\$ 175,536,081.74	\$ 134,648,042.33	\$ 131,730,021.04	\$ 125,923,628.38	\$ 124,798,629.87	\$ 125,467,934.81	\$ 121,047,769.48
<b>PROGRAM REVENUES</b>										
<b>Governmental activities:</b>										
Charges for services										
Student & instruction related services	\$ 480,707.20	\$ 24,944.56	\$	\$ 900.00	\$ 2,497.50	\$ 7,920.00	\$ 4,320.00	\$ 7,241.96	\$ 9,046.00	\$ 9,046.00
Interest on long-term debt					137,335.12	240,463.50	343,560.63	445,900.87	479,737.46	479,737.46
Operating grants and contributions	46,218,832.49	42,436,321.43	50,753,539.85	54,319,948.52	17,678,868.07	17,915,135.87	16,957,458.85	18,342,673.37	16,781,950.86	16,781,950.86
Total governmental activities program revenues	\$ 46,697,539.69	\$ 42,461,265.99	\$ 50,753,539.85	\$ 54,320,848.52	\$ 17,818,700.69	\$ 18,163,519.37	\$ 17,305,339.48	\$ 18,795,816.20	\$ 17,270,734.32	\$ 17,270,734.32
Business-type activities:										
Charges for services		1,478,898.47	2,324,965.36	2,168,422.44	2,168,113.62	2,128,700.95	1,939,777.43	1,856,663.86	1,871,519.77	1,838,545.40
Food Service	38,663.96	81,220.00	78,731.00	171,744.62	191,586.56	212,789.00	176,671.00	161,627.33	150,061.67	164,684.75
Summer Enrichment	2,771,523.03	451,550.15	517,279.72	582,629.35	549,953.42	538,757.62	509,137.57	464,612.38	472,733.62	456,911.19
Operating grants and contributions	2,612,215.90	2,011,668.62	2,820,976.08	2,523,796.41	2,808,653.60	2,881,247.57	2,625,586.00	2,482,903.57	2,494,315.06	2,460,141.34
Total business type activities program revenues	\$ 49,509,755.68	\$ 44,472,934.61	\$ 53,674,515.93	\$ 57,244,644.93	\$ 20,728,354.29	\$ 21,044,766.94	\$ 19,930,925.48	\$ 21,276,719.77	\$ 19,765,049.38	\$ 19,730,675.66
NET (EXPENSE)REVENUE										
Governmental activities	\$ (120,407,124.31)	\$ (116,255,839.47)	\$ (118,495,274.24)	\$ (118,272,705.52)	\$ (113,948,576.27)	\$ (110,652,398.54)	\$ (106,045,057.35)	\$ (103,444,855.64)	\$ (105,605,361.35)	\$ (101,011,112.91)
Business-type activities	569,801.55	(308,215.20)	80,583.49	(18,731.29)	28,888.23	(32,855.56)	52,354.45	(75,054.46)	(97,523.88)	(305,780.91)
Total district-wide net expense	\$ (119,837,322.76)	\$ (116,564,054.67)	\$ (118,414,690.75)	\$ (118,291,436.81)	\$ (113,919,688.04)	\$ (110,685,254.10)	\$ (105,992,702.90)	\$ (103,519,910.10)	\$ (105,702,885.23)	\$ (101,316,893.82)

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
CHANGES IN NET POSITION  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 100,277,942.00	\$ 98,311,706.00	\$ 95,517,733.00	\$ 91,982,597.00	\$ 88,725,860.00	\$ 86,986,137.00	\$ 83,613,861.00	\$ 79,952,811.00	\$ 78,801,775.00	\$ 78,212,946.00
Taxes levied for debt service	2,252,361.00	2,364,766.00	2,472,427.00	2,580,251.00	2,550,931.88	2,558,012.50	2,550,932.37	2,520,448.13	3,335,779.30	3,324,498.54
Federal and state aids not restricted	25,000,175.87	19,090,688.52	19,576,387.07	20,732,669.10	20,063,162.40	20,079,683.71	20,070,069.52	19,887,109.94	19,793,975.05	19,730,640.81
Tuition (other than special schools)		445,099.03	599,420.34	611,869.60	424,954.71	673,033.89	687,242.18	434,471.21	433,726.36	356,589.21
Investment earnings		71,962.41	143,028.43	20,411.28	21,022.04	16,081.80	19,272.66	11,472.71	14,422.45	20,306.89
Miscellaneous income		937,895.38	603,399.73	737,843.20	514,183.35	576,495.07	246,399.21	380,739.07	745,421.73	3,404,348.59
Adjustment to capital assets	952,065.33			(500,000.00)					(681,966.64)	
N.J. Economic Development Authority grant						(107,520.00)		521,866.00		
N.J. Economic Development Authority grant canceled										
<b>Total governmental activities</b>	\$ 128,482,544.20	\$ 121,222,159.34	\$ 118,912,375.57	\$ 116,165,641.18	\$ 112,300,114.38	\$ 110,781,903.97	\$ 107,187,716.94	\$ 103,708,918.06	\$ 102,443,133.25	\$ 105,049,330.03
Business-type activities:										
Investment earnings	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 189.24
<b>Total business-type activities</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 189.24
<b>Total district-wide</b>	\$ 128,482,544.20	\$ 121,222,159.34	\$ 118,912,375.57	\$ 116,165,641.18	\$ 112,300,114.38	\$ 110,781,903.97	\$ 107,187,716.94	\$ 103,708,918.06	\$ 102,443,133.25	\$ 105,049,519.27
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 8,075,419.89	\$ 4,966,319.87	\$ 417,101.33	\$ (2,107,064.34)	\$ (1,648,461.89)	\$ 129,505.43	\$ 1,142,659.59	\$ 264,052.42	\$ (3,162,228.10)	\$ 4,038,217.12
Business-type activities	569,801.55	(308,215.20)	80,583.49	(18,731.29)	28,888.23	(32,855.56)	52,354.45	(75,054.46)	(97,523.88)	(305,591.67)
<b>Total district</b>	\$ 8,645,221.44	\$ 4,658,104.67	\$ 497,684.82	\$ (2,125,795.63)	\$ (1,619,573.66)	\$ 96,649.87	\$ 1,195,014.04	\$ 189,007.96	\$ (3,259,751.98)	\$ 3,732,625.45

Source: ACFR Schedule A-2

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Fund</b>										
Restricted	\$ 14,342,833.28	\$ 10,919,456.06	\$ 5,871,549.25	\$ 5,665,868.42	\$ 8,741,241.02	\$ 7,975,802.24	\$ 6,787,237.80	\$ 6,301,075.13	\$ 7,208,562.93	\$ 7,179,333.08
Assigned	662,116.89	236,388.59	14,032.20	4,445.18	38,892.00		161,279.74		94,428.65	1,033,332.47
Unassigned	2,656,584.33	(11,691.74)	280,711.04	17,823.49	(44,021.22)	304,875.67	309,942.45	96,434.00	192,883.04	117,979.53
<b>Total general fund</b>	<b>\$ 17,661,534.50</b>	<b>\$ 11,144,152.91</b>	<b>\$ 6,166,292.49</b>	<b>\$ 5,688,137.09</b>	<b>\$ 8,736,111.80</b>	<b>\$ 8,280,677.91</b>	<b>\$ 7,258,459.99</b>	<b>\$ 6,397,509.13</b>	<b>\$ 7,495,864.62</b>	<b>\$ 8,330,645.08</b>
<b>All Other Governmental Funds</b>										
Restricted:										
Special revenue fund	\$ 738,532.03	\$	\$	\$	\$	\$	\$	\$	\$	\$
Capital projects fund	17,322,080.49	(910,389.20)	227,732.54	227,732.54	(1,704,267.46)	(116,351.77)	263,565.84	521,866.00		
Debt service fund	241,332.22	13,434.13	11,840.01	8,545.45	8,020.12	0.87				
Unreserved, reported in:										
Debt service fund							0.87	0.37	0.37	(0.38)
<b>Total all other governmental funds</b>	<b>\$ 18,301,644.74</b>	<b>\$ (866,955.07)</b>	<b>\$ 239,572.55</b>	<b>\$ 236,277.99</b>	<b>\$ (1,686,247.34)</b>	<b>\$ (116,350.90)</b>	<b>\$ 263,566.71</b>	<b>\$ 521,866.37</b>	<b>\$ 0.37</b>	<b>\$ (0.38)</b>

Source: ACFR Schedule B-1

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
UNAUDITED

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Revenues</b>										
Tax levy	\$ 102,530,303.00	\$ 100,676,506.00	\$ 97,990,160.00	\$ 94,562,848.00	\$ 91,414,127.00	\$ 89,782,613.00	\$ 86,506,354.00	\$ 82,919,160.00	\$ 82,497,594.00	\$ 82,017,180.00
Tuition charges		445,099.03	599,420.34	611,869.80	424,964.71	673,033.89	697,242.18	434,471.21	433,726.36	396,569.21
Transportation fees		24,944.56		900.00	7,240.00	2,442.00	4,320.00	17,241.96	48,442.70	9,046.00
Interest Earnings		71,962.41	143,028.43	20,411.26	21,022.04	18,061.80	19,272.66	11,472.71	14,422.45	20,308.89
Miscellaneous	1,477,268.74	937,895.38	702,231.81	778,910.11	546,623.46	634,123.18	258,206.36	389,882.40	768,313.25	3,432,699.18
State Sources	50,688,662.37	46,814,533.40	47,678,140.41	45,324,155.47	35,711,724.64	35,863,632.46	35,092,819.98	36,121,040.95	37,539,887.79	33,173,099.38
Federal sources	2,214,640.78	1,979,889.55	2,132,428.43	1,791,923.24	1,997,865.72	2,068,559.01	1,924,841.24	2,099,599.03	2,103,894.37	3,311,141.70
<b>Total revenue</b>	<b>\$ 156,910,894.89</b>	<b>\$ 150,950,830.33</b>	<b>\$ 149,245,409.42</b>	<b>\$ 143,080,117.88</b>	<b>\$ 130,118,815.07</b>	<b>\$ 129,052,943.34</b>	<b>\$ 124,493,056.42</b>	<b>\$ 121,982,868.26</b>	<b>\$ 123,406,080.92</b>	<b>\$ 122,320,064.36</b>
<b>Expenditures</b>										
Instruction										
Regular instruction	\$ 34,148,383.72	\$ 34,132,871.76	\$ 36,074,649.94	\$ 35,348,455.98	\$ 34,993,211.20	\$ 34,768,879.40	\$ 34,499,423.26	\$ 34,418,825.08	\$ 34,468,846.21	\$ 36,284,356.59
Special education instruction	11,833,159.56	13,085,274.04	13,115,116.02	12,800,950.10	12,548,243.99	12,445,327.56	11,290,656.68	10,599,144.27	9,352,762.55	9,376,775.63
Other instruction	6,831,743.98	6,851,120.30	7,150,291.44	7,230,692.03	7,004,992.70	6,885,243.55	6,825,497.74	6,375,913.71	6,245,640.09	6,193,706.81
Support Services:										
Tuition	3,812,134.01	2,258,300.20	1,904,426.32	2,495,868.81	2,459,696.92	2,507,496.43	3,112,934.99	2,264,367.23	2,861,675.12	2,375,116.06
Student & instruction related services	17,400,649.46	16,250,624.91	18,203,146.60	17,216,328.01	16,594,833.18	16,154,455.04	14,465,452.34	14,907,497.59	15,999,211.88	14,793,396.71
School Administrative services	1,355,619.59	4,286,204.35	4,332,316.60	4,203,680.53	4,131,758.90	4,059,882.29	4,013,733.65	3,992,840.43	3,820,013.06	3,795,013.78
General administrative services	4,321,397.18	3,502,386.21	3,557,269.08	3,711,729.78	3,672,565.57	3,617,371.56	3,413,893.68	3,374,884.91	3,015,626.93	2,701,366.79
Plant operations and maintenance	1,390,788.73	9,020,360.81	9,666,826.25	9,935,498.50	8,934,085.42	7,734,580.88	7,588,763.28	7,876,005.56	7,972,433.03	7,164,333.63
Student transportation services	749,112.91	8,447,502.58	8,441,654.84	8,369,642.84	7,474,756.76	7,610,768.14	6,625,350.81	6,755,219.38	7,168,734.15	6,591,609.97
Unallocated employee benefits	49,224,305.97	44,893,596.34	43,136,922.73	39,451,382.18	28,366,256.33	28,524,425.04	27,288,897.19	27,696,139.38	27,928,807.90	24,930,877.06
Transfer to Charter Schools		219,973.67						70,901.00	40,366.00	
Capital outlay	20,582,676.65	1,370,172.36	260,824.77	970,639.52	1,887,697.63	693,105.14	1,343,996.20	17,318,624.21	796,448.46	603,772.56
Debt service:										
Principal	2,480,000.00	2,500,000.00	2,505,000.00	4,442,000.00	2,515,000.00	2,520,000.00	2,515,000.00	2,485,000.00	3,285,000.00	3,275,000.00
Interest and other charges	168,308.45	291,110.00	413,514.87	636,963.90	680,179.00	783,968.00	906,805.50	1,028,861.00	1,164,293.25	1,313,720.75
<b>Total expenditures</b>	<b>\$ 169,781,431.05</b>	<b>\$ 147,109,497.53</b>	<b>\$ 148,763,959.46</b>	<b>\$ 146,813,833.78</b>	<b>\$ 131,243,277.62</b>	<b>\$ 128,303,123.03</b>	<b>\$ 123,890,405.32</b>	<b>\$ 139,166,223.75</b>	<b>\$ 124,220,860.63</b>	<b>\$ 119,379,046.34</b>
Excess (Deficiency) of revenues over (under) expenditures	\$ (12,870,536.16)	\$ 3,841,332.80	\$ 481,449.96	\$ (3,723,715.90)	\$ (1,124,462.55)	\$ 749,820.31	\$ 602,651.10	\$ (17,183,355.49)	\$ (814,779.71)	\$ 2,941,018.02
<b>Other Financing sources (uses)</b>										
Bond Anticipation Note Funded										
Capital Leases (non-budgeted)										
Bond Proceeds	2,240,000.00									
N.J. E.D.A. Grants	35,416,000.00			676,266.72				16,085,000.00		
Transfers in	227,732.54	1,594.12	2,869.43	1,265,735.37	8,019.25	(107,520.00)	782,800.00	521,868.00		
Transfers out	(227,732.54)	(1,594.12)	(2,869.43)	(1,265,735.37)	(8,019.25)	(156,045.84)	(782,800.00)			
<b>Total other financing sources (uses)</b>	<b>\$ 37,656,000.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 2,808,266.72</b>	<b>\$ 0.00</b>	<b>\$ (107,520.00)</b>	<b>\$ 0.00</b>	<b>\$ 16,606,868.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Net change in fund balances</b>	<b>\$ 24,785,463.84</b>	<b>\$ 3,841,332.80</b>	<b>\$ 481,449.96</b>	<b>\$ (1,115,449.18)</b>	<b>\$ (1,124,462.55)</b>	<b>\$ 642,300.31</b>	<b>\$ 602,651.10</b>	<b>\$ (576,487.49)</b>	<b>\$ (814,779.71)</b>	<b>\$ 2,941,018.02</b>
Debt service as a percentage of noncapital expenditures	1.79%	1.92%	1.97%	3.48%	2.47%	2.59%	2.79%	2.88%	3.60%	3.86%

Source: ACFR Schedule B-2

EXHIBIT "J-5"

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>Fees</u>	<u>Other/</u> <u>Reimbursements</u>	<u>Total</u>
2021	\$ 135,353.05	\$ 29,721.34	\$ 19,000.00	\$ 767,990.94	\$ 952,065.33
2020	445,099.03	70,368.29	24,944.56	894,244.92	1,434,656.80
2019	599,420.34	140,159.00		603,399.73	1,342,979.07
2018	611,869.60	19,971.89	900.00	737,757.74	1,370,499.23
2017	424,954.71	13,002.79	2,497.50	514,183.35	954,638.35
2016	673,033.89	18,061.80	7,920.00	576,495.07	1,275,510.76
2015	687,242.18	19,272.66	4,320.00	221,413.21	932,248.05
2014	434,471.21	11,472.71	7,241.96	317,739.07	770,924.95
2013	367,066.36	14,422.45	48,442.70	(72,951.99)	356,979.52
2012	356,589.21	20,308.89	9,046.00	3,381,039.84	3,766,983.94

Source: District Records

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 UNAUDITED

Year	Vacant Land	Residential	Farm Reg.	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2021	\$ 74,371,100	\$ 5,585,252,100	\$ 79,489,500	\$ 469,093,400	\$ 211,585,600	\$ 163,647,300	\$ 6,583,439,000	\$	\$ 3,366,855	\$ 6,586,805,855	\$ 6,741,182,675.00	1.559
2020	71,551,400	5,388,809,700	76,937,700	437,773,500	199,607,400	163,647,300	6,340,327,000		3,225,519	6,343,552,519	6,546,829,455.00	1.588
2019	64,894,900	5,217,480,700	80,968,100	428,699,100	196,673,200	164,173,700	6,151,889,700		3,168,769	6,155,058,469	6,378,244,527.00	1.597
2018	68,712,100	5,016,174,200	85,528,600	410,565,800	198,596,900	148,154,700	5,927,732,300		3,109,514	5,930,841,814	6,196,328,665.00	1.597
2017	75,691,300	4,833,831,900	86,665,600	436,936,200	193,378,000	106,035,200	5,732,538,200		3,042,893	5,735,581,093	5,978,904,945.00	1.597
2016	71,014,800	4,740,155,800	93,680,300	417,265,100	191,459,700	106,781,700	5,620,357,400		3,047,705	5,623,405,105	5,816,900,054.00	1.602
2015	74,521,700	4,653,158,000	95,210,600	397,202,200	191,400,800	102,671,900	5,514,165,200		3,100,424	5,517,265,624	5,697,530,358.00	1.581
2014	71,480,700	4,596,927,400	95,248,000	397,914,100	193,664,500	95,970,600	5,457,205,300		3,035,857	5,460,241,157	5,676,041,481.00	1.536
2013	87,720,500	4,682,350,500	96,779,600	410,390,900	213,326,100	87,255,000	5,577,822,600		3,627,426	5,581,450,026	6,057,356,261.00	1.467
2012	84,298,100	4,649,775,500	95,306,200	407,528,300	217,971,900	87,351,900	5,542,231,900		10,701,416	5,552,933,316	5,963,379,480.00	1.453

Source: District records Tax list summary & Municipal Tax Assessor  
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.  
 Reassessment occurs when ordered by the County Board of Taxation

(a). Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies  
 (b). Tax rates are per \$100

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
UNAUDITED

Year Ended December 31	Township of Hillsborough			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Municipality	County	
2021	\$1.525	\$0.034	\$1.559	\$0.338	\$0.406	\$2.303
2020	1.544	0.044	1.588	0.344	0.408	2.340
2019	1.550	0.047	1.597	0.347	0.415	2.359
2018	1.523	0.084	1.607	0.398	0.414	2.419
2017	1.542	0.055	1.597	0.401	0.417	2.415
2016	1.543	0.059	1.602	0.400	0.412	2.414
2015	1.519	0.062	1.581	0.394	0.408	2.383
2014	1.472	0.064	1.536	0.387	0.410	2.333
2013	1.387	0.080	1.467	0.372	0.413	2.252
2012	1.370	0.083	1.453	0.337	0.395	2.185

Source: District Records and Municipal Tax Collector  
(Rates are per \$100 of assessed value)

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO  
 UNAUDITED

Taxpayer	2021 *			2012 - Not Available		
	Taxes Paid	Rank [Optional]	% of Total Assessed Values	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Brookhaven Lofts, LLC	\$ 1,297,371	1	*	\$	1	
Texas Eastern Transmission	1,099,918	2	*		2	
Sunnymeade Run	963,150	3	*		3	
KD Hillsborough 44A Inc	899,462	4	*		4	
Beekman Gardens Associates	586,413	5	*		5	
Nelson's Corner Associates	489,640	6	*		6	
Hillsborough Gardens Assoc.	459,816	7	*		7	
RB Manufacturing	438,050	8	*		8	
Foothill Estates	422,640	9	*		9	
Hillsborough Park	361,590	10	*		10	
<b>Total</b>	<b>\$ 7,018,050</b>		<b>*</b>	<b>\$</b>		<b>0.00%</b>

\* The assessed value is usually presented, however, for FY2021 the municipality provided only total taxes paid, which is presented above.  
 Source: Municipal Tax Assessor

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2021	\$ 102,530,303	\$ 102,530,303	100.00%	\$ 0
2020	100,676,506	100,676,506	100.00%	0
2019	97,990,160	97,990,160	100.00%	0
2018	94,562,848	94,562,848	100.00%	0
2017	91,414,127	91,414,127	100.00%	0
2016	89,782,613	89,782,613	100.00%	0
2015	86,508,354	86,508,354	100.00%	0
2014	62,919,160	62,919,160	100.00%	0
2013	82,497,694	82,497,694	100.00%	0
2012	82,017,180	82,017,180	100.00%	0

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

Note: 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, the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes			
2021	\$ 37,136,000.00	\$ 13,531,527.25	\$	\$ 50,667,527.25	0.22%	\$ 1,263.37
2020	4,210,000.00	12,514,874.00		16,724,874.00	0.63%	417.28
2019	6,710,000.00	13,401,145.00		20,111,145.00	0.49%	506.27
2018	9,215,000.00	14,259,565.00		23,474,565.00	0.39%	595.32
2017	11,725,000.00	14,824,826.00	1,932,000.00	28,481,826.00	0.31%	723.11
2016	14,240,000.00	15,905,000.00		30,145,000.00	0.28%	766.11
2015	16,760,000.00	16,085,000.00		32,845,000.00	0.24%	836.24
2014	19,275,000.00	16,085,000.00		35,360,000.00	0.21%	905.62
2013	21,760,000.00			21,760,000.00	0.33%	557.96
2012	25,045,000.00			25,045,000.00	0.28%	644.91

Source: District ACFR Schedules I-1, I-2

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

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Value (a) of Property	Per Capita (b)	
	General Obligation Bonds	Deductions			Net General Bonded Debt Outstanding
2021	\$37,136,000.00		\$37,136,000.00	0.56%	925.97
2020	4,210,000.00		4,210,000.00	0.07%	105.04
2019	6,710,000.00		6,710,000.00	0.11%	168.92
2018	9,215,000.00		9,215,000.00	0.16%	233.69
2017	11,725,000.00		11,725,000.00	0.20%	297.68
2016	14,240,000.00		14,240,000.00	0.25%	361.90
2015	16,760,000.00		16,760,000.00	0.30%	426.71
2014	19,275,000.00		19,275,000.00	0.35%	493.66
2013	21,760,000.00		21,760,000.00	0.39%	557.96
2012	25,045,000.00		25,045,000.00	0.45%	644.91

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

(a) See Exhibit ACFR J-6 for property tax data.

(b) Population data can be found in Exhibit ACFR J-14.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2020  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of Hillsborough	\$18,593,843.88	100.00%	\$18,593,843.88
Other debt Somerset County	228,271,942.76	10.75%	<u>24,539,233.85</u>
Subtotal, overlapping debt			\$43,133,077.73
Towhship of Hillsoborough School District Direct Debt			<u>37,136,000.00</u>
Total direct and overlapping debt			<u>\$80,269,077.73</u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d) Hillsborough</u>
2021	40,105	\$ 4,408,181,180	\$ 109,916	*
2020	40,081	4,214,958,041	105,161	7.10%
2019	39,724	3,940,183,836	99,189	2.70%
2018	39,432	3,648,012,048	92,514	3.20%
2017	39,388	3,483,750,436	88,447	3.50%
2016	39,348	3,282,764,292	83,429	3.70%
2015	39,277	3,081,319,927	78,451	4.00%
2014	39,045	2,934,466,020	75,156	4.60%
2013	38,999	2,785,659,571	71,429	5.90%
2012	38,835	2,688,430,545	69,227	7.10%

\* = Not available at time of audit

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

EXHIBIT "J-15"

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - CURRENT YEAR AND TEN YEARS AGO  
UNAUDITED

<u>Employer</u>	<u>2021*</u>			<u>2012*</u>		
	<u># of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u># of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
	*	1	*	*	1	*
	*	2	*	*	2	*
	*	3	*	*	3	*
	*	4	*	*	4	*
	*	5	*	*	5	*
	*	6	*	*	6	*
	*	7	*	*	7	*
	*	8	*	*	8	*
	*	9	*	*	9	*
	*	10	*	*	10	*
	<u>0</u>		<u>0.00%</u>	<u>0</u>		<u>0.00%</u>

Source: Municipal Records  
 \* - Data Not Available

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 UNAUDITED

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:	716.0	683.0	653.0	653.0	652.0	655.0	651.0	650.0	645.0	640.0
Regular	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
Regular Classroom Aides										
Support Services:										
Attendance	0.0	0.0	1.0	1.0	1.0	2.0	1.0	0.0	0.0	0.0
Health Services	12.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	15.0
Related Services	27.0	25.0	26.0	26.0	23.0	17.0	17.0	17.0	20.0	18.0
Extraordinary Services	115.0	94.0	111.0	96.0	92.0	94.0	94.0	93.0	92.0	98.0
Guidance Professional	27.0	27.0	27.0	25.0	22.0	21.0	21.0	21.0	20.0	23.0
Guidance Support	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Child Study Team Professional	26.0	25.0	26.0	26.0	25.0	24.0	24.0	24.0	23.0	27.0
Child Study Team Staff	3.0	3.0	5.0	5.0	4.0	5.0	5.0	5.0	4.0	0.0
Improvement of Instruction Supervisors	7.0	7.0	6.0	7.0	7.0	7.0	7.0	6.0	6.0	7.0
Improvement of Instruction Support	3.0	4.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	3.0
Media Services	10.0	10.0	10.0	10.0	10.0	12.0	12.0	12.0	10.0	11.0
Instructional Staff Training Services	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General administrative Professional	2.0	1.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
General administrative Support	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	0.0
School Administrative Professional	21.0	21.0	17.0	17.0	17.0	20.0	20.0	21.0	20.0	19.0
School Administrative Support	28.0	30.0	28.0	28.0	27.0	31.0	31.0	31.0	31.0	29.0
Central Services Professional	3.0	3.0	8.0	8.0	8.0	6.0	6.0	6.0	3.0	15.0
Central Services Support	13.0	9.0	13.0	13.0	13.0	7.0	7.0	8.0	8.0	0.0
Technology	10.0	9.0	12.0	13.0	13.0	11.0	11.0	11.0	11.0	6.0
Operations and Maintenance	114.0	123.0	128.0	128.0	114.0	98.0	100.0	100.0	101.0	101.0
Transportation	69.0	47.0	35.0	33.0	28.0	31.0	32.0	32.0	34.0	23.0
<b>Total</b>	<b>1210.0</b>	<b>1137.0</b>	<b>1132.0</b>	<b>1115.0</b>	<b>1082.0</b>	<b>1068.0</b>	<b>1066.0</b>	<b>1063.0</b>	<b>1053.0</b>	<b>1055.0</b>

Source: District Personnel Records

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT

OPERATING STATISTICS

UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Pupil/Teacher Ratio	Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2021	7,234	\$ 146,540,445.95	\$ 20,257.18	6.08%	716	10.1	7,220	7,043	-2.86%	97.55%
2020	7,486	142,948,215.00	19,095.41	-2.86%	728	10.3	7,432	7,177	0.17%	96.57%
2019	7,406	145,584,620.00	19,657.66	2.65%	756	9.8	7,419	7,123	0.96%	96.01%
2018	7,345	140,664,232.00	19,151.02	10.51%	745	9.9	7,349	7,046	1.07%	95.88%
2017	7,275	126,070,401.00	17,329.26	0.39%	743	9.8	7,271	6,988	-0.65%	96.10%
2016	7,201	124,306,429.00	17,262.38	4.48%	747	9.6	7,319	7,037	1.23%	96.15%
2015	7,210	119,124,604.00	16,522.14	0.49%	745	9.7	7,230	6,967	-0.04%	96.35%
2014	7,197	118,333,739.00	16,442.09	-0.39%	747	9.6	7,233	6,929	0.03%	95.80%
2013	7,209	118,995,119.00	16,506.47	6.32%	742	9.7	7,231	6,915	-2.27%	95.63%
2012	7,355	114,186,553.00	15,525.02	-----	749	9.8	7,399	7,116	-----	96.18%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

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

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
UNAUDITED

District Buildings	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Elementary School(s):</b>										
Amsterdam Elementary (1990)	58,233	58,233	58,233	53,045	53,045	53,045	53,045	53,045	53,045	53,045
Square Feet	506	506	506	600	600	600	600	600	600	600
Capacity (students)	502	502	511	512	548	532	487	492	496	502
Enrollment	68,980	68,980	68,980	64,810	64,810	64,810	64,810	64,810	64,810	64,810
Hillsborough Elementary (1949)	518	518	518	600	600	600	600	600	600	600
Square Feet	478	536	520	499	466	501	516	493	645	541
Capacity (students)	51,450	51,450	51,450	50,001	50,001	50,001	50,001	50,001	50,001	50,001
Enrollment	459	459	459	600	600	600	600	600	600	600
Sunnymead Elementary (1959)	492	501	489	461	430	451	416	395	371	406
Square Feet	52,095	52,095	52,095	47,435	47,435	47,435	47,435	47,435	47,435	47,435
Capacity (students)	443	443	443	600	600	600	600	600	600	600
Enrollment	356	353	369	389	357	377	370	392	386	419
Triangle Elementary (1960)	51,830	51,830	51,830	47,041	47,041	47,041	47,041	47,041	47,041	47,041
Square Feet	481	461	461	600	600	600	600	600	600	600
Capacity (students)	338	374	363	343	348	356	390	396	379	308
Enrollment	59,746	59,746	59,746	58,176	58,176	58,176	58,176	58,176	58,176	58,176
Wood Road Elementary (1967)	529	529	529	600	600	600	600	600	600	600
Square Feet	399	476	474	481	483	488	472	467	470	478
Capacity (students)	177,374	177,374	177,374	120,335	120,335	120,335	120,335	120,335	120,335	120,335
Enrollment	1,242	1,242	1,242	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Intermediate School:	1,156	1,189	1,164	1,138	1,168	1,152	1,097	1,139	1,133	1,135
Auten Road Intermediate School (1998)										
Square Feet	176,000	176,000	176,000	165,811	165,811	165,811	165,811	165,811	165,811	165,811
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,212	1,223	1,208	1,198	1,178	1,197	1,153	1,125	1,105	1,135
Middle School:										
Hillsborough Middle School (1975)										
Square Feet	375,913	375,913	375,913	314,615	314,615	314,615	314,615	314,615	314,615	314,615
Capacity (students)	2,334	2,334	2,334	2,600	2,600	2,600	2,600	2,600	2,600	2,600
Enrollment	2,349	2,328	2,308	2,326	2,279	2,255	2,228	2,261	2,219	2,376
High School:										
Hillsborough High School (1967)										
Square Feet	Number of Schools at June 30, 2021									
Capacity (students)	Elementary = 6									
Enrollment	Intermediate = 1									
	Middle School = 1									
	Senior High School = 1									

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE  
 UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

	Hillsborough High School	Hillsborough Middle School	Auten Road Intermediate School	Amsterdam Elementary School	Hillsborough Elementary School	Sunnymead Elementary School	Triangle Elementary School	Woodfern Elementary School	Wood Road Elementary School
2021	\$ 82,646.46	\$ 12,252.83	\$ 10,229.47	\$ 4,770.89	\$ 17,559.32	\$ 2,271.13	\$ 2,870.21	\$ 4,742.69	\$ 4,035.51
2020	315,263.28	58,438.56	40,477.81	15,036.59	19,572.14	(3,231.86)	11,042.80	17,172.77	25,725.12
2019	681,745.92	212,763.99	48,133.38	18,285.13	31,789.56	43,877.88	38,520.38	29,001.03	38,259.53
2018	2,020,032.56	366,054.94	150,357.34	92,470.43	205,104.89	39,254.01	135,246.08	62,436.14	286,339.96
2017	1,449,709.52	271,395.04	223,148.91	39,496.14	77,104.65	29,594.66	26,943.40	42,935.04	52,190.32
2016	541,582.65	93,547.56	74,356.58	36,162.04	35,177.76	15,839.28	23,360.18	36,096.59	39,531.90
2015	575,573.55	101,457.50	54,304.44	24,410.31	40,798.03	28,663.12	30,149.58	59,125.62	45,685.29
2014	495,169.31	187,520.40	77,044.89	36,037.26	26,259.27	17,326.55	22,772.25	35,220.52	20,649.39
2013	557,575.94	133,345.87	86,346.56	14,060.46	19,379.43	14,134.30	10,951.31	35,996.63	21,290.17
2012	547,291.62	241,181.19	84,255.09	41,014.49	21,968.86	12,905.18	21,002.78	28,066.60	17,710.67
<b>Total</b>	<b>\$ 7,325,322.86</b>	<b>\$ 2,825,343.15</b>	<b>\$ 848,654.47</b>	<b>\$ 321,743.74</b>	<b>\$ 494,713.91</b>	<b>\$ 200,654.25</b>	<b>\$ 322,859.17</b>	<b>\$ 350,813.63</b>	<b>\$ 551,427.86</b>

Source: District records

BOARD OF EDUCATION  
TOWNSHIP OF HILLSBOROUGH

Insurance Schedule  
As Of June 30, 2021  
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Utica:		
Package Policy:		
Blanket Real and Personal Property	\$ 267,078,694	\$ 1,000
Extra Expense	1,000,000	
General Liability	1,000,000	
Crime Coverage:		
Faithful Performance	100,000	500
Money and Securities	25,000	500
Electronic Data Processing Hardware	1,710,115	250
Electronic Data Processing Software	10,000	250
Audio Visual Equipment	24,100	250
Automobile	1,000,000	250/500/1,000
Commercial Umbrella Liability	20,000,000	10,000
New Jersey Schools Insurance Group:		
Worker's Compensation and Employer's Liability	3,000,000	
Fireman's Fund Insurance Co.:		
Excess Umbrella Liability	25,000,000	
Bollinger Insurance Company:		
Student Accident Insurance	6,000,000	
Lloyd's Syndicate 2623/623 (Beazley Furlonge Ltd):		
Environmental Liability	1,000,000	10,000
Selective Insurance Co.:		
Surety Bond:		
Board Secretary/Business Administrator	550,000	
Assistant School Business Administrator	550,000	

Source: District records.

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**SINGLE AUDIT SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members  
of the Board of Education  
Township of Hillsborough School District  
County of Somerset  
Hillsborough, New Jersey 08844

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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Township of Hillsborough School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 9, 2022.

### ***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 developing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Hillsborough School 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. We consider the following deficiencies to be material weaknesses as described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial and Compliance as findings no.: 2021-03 and 2021-06

## SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we also noted other matters that we have reported to the Hillsborough Board of Education of the Hillsborough School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated February 9, 2022.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters, labeled as finding 2021-03 and 2021-06 that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial and Compliance dated February 9, 2022.

### ***Hillsborough School District's Response to Findings***

The Hillsborough School District's response to the findings identified in our audit will be described in the District's Corrective Plan on file in the Business Administrator's Office. We did not audit the District's response and, accordingly, we express no opinion on it.

### ***Purpose of This Report***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 9, 2022



**SUPLEE, CLOONEY & COMPANY**  
 CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
 WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL  
 AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON  
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
 WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members  
 of the Board of Education  
 Township of Hillsborough School District  
 County of Somerset  
 Hillsborough, New Jersey 08844

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

We have audited the Township of Hillsborough School District's, County of Somerset, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Hillsborough School District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township of Hillsborough School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Hillsborough School 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 federal and state program. However, our audit does not provide a legal determination of the Township of Hillsborough School District's compliance.

# SUPLEE, CLOONEY & COMPANY

## ***Opinion on Each Major Federal and State Program***

In our opinion, the Township of Hillsborough School District, County of Somerset, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

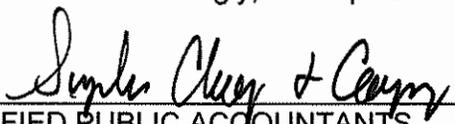
## ***Report on Internal Control Over Compliance***

Management of the Township of Hillsborough School 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 Township of Hillsborough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *the Uniform Guidance* and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hillsborough School 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 and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

  
\_\_\_\_\_  
CERTIFIED PUBLIC ACCOUNTANTS

  
\_\_\_\_\_  
PUBLIC SCHOOL ACCOUNTANT NO. 948

February 9, 2022



TOWNSHIP OF HILLSBOROUGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2021		MEMO RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
				UNEARNED REVENUE (ACCTS.REC.)	DUE TO GRANTOR				UNEARNED REVENUE (ACCTS.REC.)	DUE TO GRANTOR		
General Fund:												
State Aid Cluster:												
Special Education Categorical Aid	21-495-034-5120-069	\$ 4,589,091.00	7/1/20-6/30/21	\$	\$	4,132,988.34	(4,589,091.00)	456,092.66	\$	\$	456,092.66	4,589,091.00
Equalization Aid	21-495-034-5120-078	17,902,892.00	7/1/20-6/30/21			16,123,580.26	(17,902,892.00)	1,779,301.74			1,779,301.74	17,902,892.00
Security Aid	21-495-034-5120-084	194,605.00	7/1/20-6/30/21			175,263.93	(194,605.00)	19,341.07			19,341.07	194,605.00
				\$	\$	20,431,852.53	(22,686,588.00)	2,254,735.47	\$	\$	2,254,735.47	22,686,588.00
Other-General Fund:												
Extraordinary Special Education Costs Aid	21-495-034-5120-473	686,938.00	7/1/20-6/30/21	\$	\$		(686,938.00)		\$	\$	686,938.00	686,938.00
Transportation Aid	21-495-034-5120-014	968,117.00	7/1/20-6/30/21			871,899.46	(968,117.00)	96,217.54			96,217.54	968,117.00
Nonpublic School Transportation Costs Aid	Not Available	65,270.00	7/1/19-6/30/20				(65,270.00)				65,270.00	65,270.00
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	4,215,423.37	7/1/20-6/30/21			4,006,084.03	(4,215,423.37)		(209,339.34)		209,339.34	4,215,423.37
On-behalf TPAF long-term disability insurance	Not Available	8,735.00	7/1/20-6/30/21			8,735.00	(8,735.00)				8,735.00	8,735.00
On-behalf TPAF pension contributions	21-495-034-5094-002	16,360,653.00	7/1/20-6/30/21			16,360,653.00	(16,360,653.00)				16,360,653.00	16,360,653.00
On-behalf TPAF post retirement medical	21-495-034-5094-001	5,127,174.00	7/1/20-6/30/21			5,127,174.00	(5,127,174.00)				5,127,174.00	5,127,174.00
				\$	\$	26,374,545.49	(27,432,310.37)	96,217.54	\$	(961,547.34)	1,057,764.89	27,432,310.37
Special Revenue Fund:												
Nonpublic Handicap Services:												
Examination & Classification	100-034-5120-066	6,899.00	7/1/20-6/30/21	\$	\$	6,899.00	(6,899.00)		\$	\$		6,899.00
Examination & Classification	100-034-5120-066	8,360.00	7/1/19-6/30/20				(8,360.00)	(6,870.40)				1,489.60
Corrective Speech	100-034-5120-068	3,827.00	7/1/20-6/30/21			3,827.00	(3,099.00)				728.00	3,099.00
Corrective Speech	100-034-5120-068	9,296.00	7/1/19-6/30/20				(9,296.00)	(1,731.38)				7,564.62
Supplementary Instruction	100-034-5120-066	3,957.00	7/1/20-6/30/21			5,666.00	(2,428.00)				3,238.00	2,428.00
Supplementary Instruction	100-034-5120-066	3,957.00	7/1/19-6/30/20				(3,957.00)	(810.34)				3,146.66
Nonpublic Nursing Aid	100-034-5120-070	7,854.00	7/1/20-6/30/21			7,854.00	(6,487.00)				1,367.00	6,487.00
Nonpublic Nursing Aid	100-034-5120-070	7,586.00	7/1/19-6/30/20				(7,586.00)	(2,618.14)				4,967.86
Nonpublic Textbook Aid	100-034-5120-064	4,705.00	7/1/20-6/30/21			4,705.00	(4,482.00)				223.00	4,482.00
Nonpublic Security Aid	100-034-5120-509	13,475.00	7/1/20-6/30/21			13,475.00	(13,075.00)				400.00	13,075.00
Nonpublic Security Aid	100-034-5120-509	11,700.00	7/1/19-6/30/20				(11,700.00)	(2,315.00)				9,385.00
				\$	\$	42,216.00	(33,470.00)	(14,345.26)	\$	\$	8,746.00	60,023.74
Debt Service Fund:												
Debt Service Aid	21-495-034-5120-075	406,113.00	7/1/20-6/30/21				(406,113.00)					406,113.00
				\$	\$	406,113.00	(406,113.00)					406,113.00
Enterprise Fund:												
National School Lunch Program (State Share)	21-100-010-3360-067	78,050.95	7/1/20-6/30/21			64,108.82	(78,050.95)				13,942.13	78,050.95
				\$	\$	64,108.82	(78,050.95)				13,942.13	78,050.95
				\$	\$	84,108.82	(78,050.95)				6,057.87	84,108.82
				\$	\$	47,318,835.84	(50,636,532.32)	2,336,607.75	\$	(975,489.47)	3,326,442.48	50,663,066.06
				\$	\$	87,335.00	(8,735.00)				78,600.00	87,335.00
				\$	\$	16,360,653.00	(16,360,653.00)				16,360,653.00	16,360,653.00
				\$	\$	5,127,174.00	(5,127,174.00)				5,127,174.00	5,127,174.00
				\$	\$	25,832,273.84	(26,139,970.32)				293,703.52	25,832,273.84

See accompanying notes to schedules of financial assistance.

Total state financial assistance subject to single audit  
Less: On-behalf amounts not utilized for determination of major programs;  
On-behalf TPAF long-term disability insurance  
On-behalf TPAF pension contributions  
On-behalf TPAF post retirement medical

**Township of Hillsborough School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2021**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Hillsborough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not.

**Township of Hillsborough School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2021**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$70,610.00 for the general fund, and \$1,098,993.50 for the capital projects fund. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$56,948.87	\$50,249,099.37	\$50,306,048.24
Special Revenue Fund	2,157,691.91	33,470.00	2,191,161.91
Debt Service Fund		406,113.00	406,113.00
Food Service Fund	<u>2,693,472.08</u>	<u>78,050.95</u>	<u>2,771,523.03</u>
Total Awards & Financial Assistance	<u>\$4,908,112.86</u>	<u>\$50,766,733.32</u>	<u>\$55,674,846.18</u>

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

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

**NOTE 5: OTHER**

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits, and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2021.

**Township of Hillsborough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |                      |
|-----|--|----------------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified & Adverse |
| (2) | Internal Control Over Financial Reporting:   |                      |
|     | (a) Material weakness identified?  | Yes                  |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No                   |
| (3) | Noncompliance material to basic financial statements noted?                                | Yes                  |

**Federal Program(s)**

- |     |  |            |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs:  |            |
|     | (a) Material weakness identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses?                 | No         |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)?                                | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Federal Uniform Guidance? | No         |
| (4) | Identification of Federal State Program(s):  |            |

<u>Program</u>	<u>CFDA Number</u>
Child Nutrition Cluster:	
National School Lunch	10.555
National School Breakfast	10.553
CRF Grant	21.019

- |     |  |  |
|-----|--|--|
| (5) | Program Threshold Determination:                 |  |
|     | Type A Federal Program Threshold > \$750,000.00  |  |
|     | Type B Federal Program Threshold <= \$750,000.00 |  |

**Township of Hillsborough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results (Continued)**

**Federal Program(s) (Continued)**

(6) Auditee qualified as a low-risk auditee under Federal Uniform Guidance? Yes

**State Program(s)**

(1) Internal Control Over Major State Programs:

(c) Material weakness identified? No

(d) Significant deficiencies identified that are not considered to be material weaknesses? No

(2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified

(3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
State Aid Cluster:	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
Equalization Aid	495-034-5120-078
Extraordinary Special Education Costs Aid	495-034-5120-473
Debt Service Aid	495-034-5120-075

**Township of Hillsborough School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s) (Continued)**

- (5) Program Threshold Determination:  
Type A State Program Threshold > \$874,199.11  
Type B State Program Threshold <= \$874,199.11
- (6) Auditee qualified as a low-risk auditee under New Jersey  
OMB Circular 15-08? Yes

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards**

**Internal Control and Compliance Findings**

**Finding No. 2021-03**

**Criteria or Specific Requirement**

Governmental Accounting Standards Board Statement 34 required the inclusion of compensated absence liability to be included in the District’s Statement of Net Position and the related expenses to be reported on the Statement of Activities.

**Condition**

The District’s compensated absence liability was not updated and provided for audit.

**Context**

The business office staff was unable to provide an updated compensated absence liability for the fiscal year ended June 30, 2021, and was unable to provide a report from the prior year that matched to the prior auditor’s report.

**Effect**

Because of the above noted item, compensated absence liability, and related expenses, as of and for the year ended June 30, 2021 are not stated properly.

**Cause**

The business office was unable to extract data from their systems that they confidently felt represented the District’s actual compensated absence liability.

**Recommendation**

That the District maintain an accurate compensated absence liability report.

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards (Continued)**

**Internal Control and Compliance Findings (Continued)**

**Finding No. 2021-03 (Continued)**

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**Finding No. 2021-06**

**Criteria or Specific Requirement**

The State Department of Education requires districts to maintain a capital assets record that accounts for all assets whose historical value or estimated historical value is at least \$2,000.

**Condition**

The District's capital asset records for the school year ended June 30, 2021 did not properly account for the assets owned by the District and did not properly calculate depreciation expense.

**Context**

The capital asset record for the school year ended June 30, 2021 provided for audit was clearly inaccurate in that the cutoff date for depreciation was prior to fiscal year end, purchases identifiable as requiring capitalization were not included, and the beginning balance did not match to the prior audit's ending balance. The capital asset record was provided by an independent company and it was determined that the record was significantly inaccurate and incomplete.

**Effect**

Because of the above noted items, capital assets, depreciation expense, and net position-investment in capital assets for the District's governmental activities, business-type activities, and proprietary-enterprise fund as of and for the year ended June 30, 2021 are not stated properly.

**Cause**

The capital asset report provided by the independent company did not accurately account for the District's assets and did not calculate depreciation expense properly.

**Recommendation**

That the District maintain a capital asset record that accounts for all assets owned by the District and properly calculates depreciation expense.

**Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards (Continued)**

**Internal Control and Compliance Findings (Continued)**

**Finding No. 2021-06 (Continued)**

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – None Reported

State Programs – None Reported

**Township of Hillsborough School District**  
**Schedule of Prior Year Audit Findings**

Not Applicable