

**Annual Comprehensive
Financial Report**

of the

Township of Hillside Board of Education

County of Union

Hillside, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Township of Hillside, Board of Education
Finance Department**

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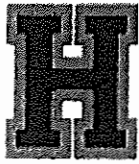
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INTRODUCTORY SECTION



HILLSIDE PUBLIC SCHOOLS
New Pathways, New Possibilities
2021-2022 School Year

David Eichenholtz, Ed.D
Business Administrator/Board Secretary

February 24, 2022

Honorable President and
Members of the Board of Education
Hillside Public Schools
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Hillside Public Schools (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 (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the 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 State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure 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:

The Hillside Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. The Hillside 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 Pre-K through 12. These include regular, vocational and special education programs. The District completed the 2020-2021 fiscal year with an average daily enrollment of 3020 students, a decrease of 85 students from 2019-2020. The following details the in-District student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2020-2021	3020	2868	94.95%
2019-2020	3105	2992	96.30%
2018-2019	3089	2910	94.20%
2017-2018	3033	2858	94.24%
2016-2017	3073	2898	94.31%
2015-2016	3140	2853	90.09%
2014-2015	3084	2920	94.00%
2013-2014	3038	2834	93.41%
2012-2013	3018	2812	93.50%
2011-2012	3105	2906	92.30%

2. MAJOR INITIATIVES 2020-2021

The Global Health Crisis COVID-19 forced the school district to launch the school year virtually. The schools remained virtually until the end of May 2021. The district continued to focus on the four areas from the 2019-2020 report.

1. Acceleration of Unfinished Learning: Ensuring students are provided rigorous standards-aligned accelerating grade-level instruction that addresses learning loss and social-emotional/mental health challenges prompted by the Covid-19 crisis.
2. Health and Safety Safeguards: Defining learning scenarios (in person, hybrid, virtual) with crucial health and safety safeguards defined by the CDC, NJDOE, and County health department related to scheduling, staffing, facilities, health, and behavioral norms, transportation, and food services.
3. Engaging Academically Vulnerable Students: Defining ways to re-engage and accelerate the achievement of academically vulnerable students, including those who had

minimum participation in remote learning in the Spring, are below expectations on NJSLA, and are self-contained I.E.P students.

4. Fluidity Across Scenarios: Ensuring fluidity between remote learning and rejoin scenarios based on a resurgence in cases, including readiness for hybrid learning and improving the quality and effectiveness of remote learning.

The district recognized that we needed to deliver high-quality instruction even to our most vulnerable students even though we were fully remote. Combining high-quality education, data-based decisions, and national-rated and rigorous curriculums would help recover and potentially accelerate learning during the virtual period.

Throughout the virtual learning period, the curriculum department continued to audit our instructional programs and practices to ensure we addressed all of the concerns, weaknesses, and points of interest that appeared in this unprecedented schooling method.

In response to the challenge of delivering high-quality lessons to our students virtual, the district entered a partnership with INSTRUCTURE (Canvas) to be our LMS. Canvas would serve as our platform to host our online school. Canvas technology is at the forefront of hosting virtual schools and is used by many top high schools and universities. Canvas provided us with an extra layer of security for our students and staff in the virtual world that Google classrooms fell short on. Canvas allowed us to operate everything from the everyday classroom, parent-teacher conferences, and after-school enrichment programs with peace of mind and a platform that facilitated academic programming.

With students not being in person, it took away a lot of a school's ability to check regularly on the overall wellness of our students and staff. To help us close this gap, we turned to Go Guardian. Go Guardian was a web-based safety net that would allow the district to monitor all the users of our internet. Through Go Guardian, we made sure that our devices, programs, and internet searches were safe and appropriate. Go Guardian allowed the district to identify students who may be suffering trauma, neglect, or potential abuse through the district network. An academic benefit of Go Guardian was that it allowed teachers to monitor students' screens. Teachers could see precisely what the students were doing online in real-time. This enabled teachers to keep track of students in real-time, giving teachers the ability to assist and give feedback on work and projects immediately.

The district invested in students' social-emotional needs during the 2020-2021 school year with the rollout of Peekapak. Peekapak was a research-based online social-emotional program that students from K-8 could use online. Peekapak has roots in CASELS's five SEL competencies.

We expanded our relationship with Linkit! our data warehousing provider. Teachers were trained to create standard aligned quarterly assessments that could be stored on individual student reports. These individual reports combined with messages on classes, schools, and district data were used to make academic and nonacademic decisions on students and curriculums. Linkit! Expanded their accounts to include attendance, discipline, and other nongraded data points that are key in decision making.

The English Language Arts and Math Departments continued their partnership with AMPLIFY (ELA) and ENVISION (Math). They were unpacking lessons and aligning our curriculums to the current New Jersey Learning Standards. The district used consultants and experts to train our staff on the best practices and procedures to maximize the use of these programs.

The district continued to improve its infrastructure. The network was upgraded, switches and servers replaced to help us stay online, devices were interfaced to run faster and more efficiently for all of the online educational curriculum and programming needs. Our student information system Genesis was scrubbed of all outdated and incorrect information so that the district could rely on the stored data. Genesis being accurate was paramount because it was our primary method of communication with our student's families. Genesis was used to recording daily attendance, grades, progress reports, parental contacts, scheduling, and other important academic information.

3. INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control 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.

4. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance as of June 30, 2021.

5. 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. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

6. CASH MANAGEMENT:

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

7. RISK MANAGEMENT:

The District 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.

8. OTHER INFORMATION:

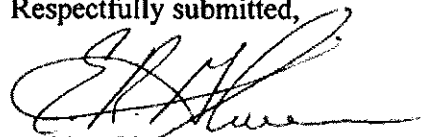
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's finance committee selected the accounting firm of Suplee, Clooney & Company. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as amended and the related Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hillside Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial, accounting, and secretarial staffs.

Respectfully submitted,



Erskine Glover
Superintendent of Schools



Dr. David Eichenholtz
Board Secretary/Business Administrator

BOARD OF EDUCATION TOWNSHIP OF HILLSIDE

HILLSIDE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2021

MEMBERS OF THE BOARD OF EDUCATION

TERM ENDS

Kimberly Cook, President	2021
Laquana Best, Vice President	2022
Juan Allende	2023
Jo-Ann Horton-Givens	2023
Donald Howard	2022
Pinchas Shapiro	2022
Joyce Simmons	2023
Al-Nisa Tucker	2021
Eleanor Worrill	2021

OTHER OFFICIALS

Mr. A. Robert Gregory, Interim Superintendent

Dr. David Eichenholtz, Board Secretary/School Business Administrator

Raymond Hamlin, Board Attorney

BOARD OF EDUCATION
TOWNSHIP OF HILLSIDE
CONSULTANTS AND ADVISORS

AUDIT FIRM

Suplee, Clooney and Company
308 E. Broad Street
Westfield, New Jersey 07090

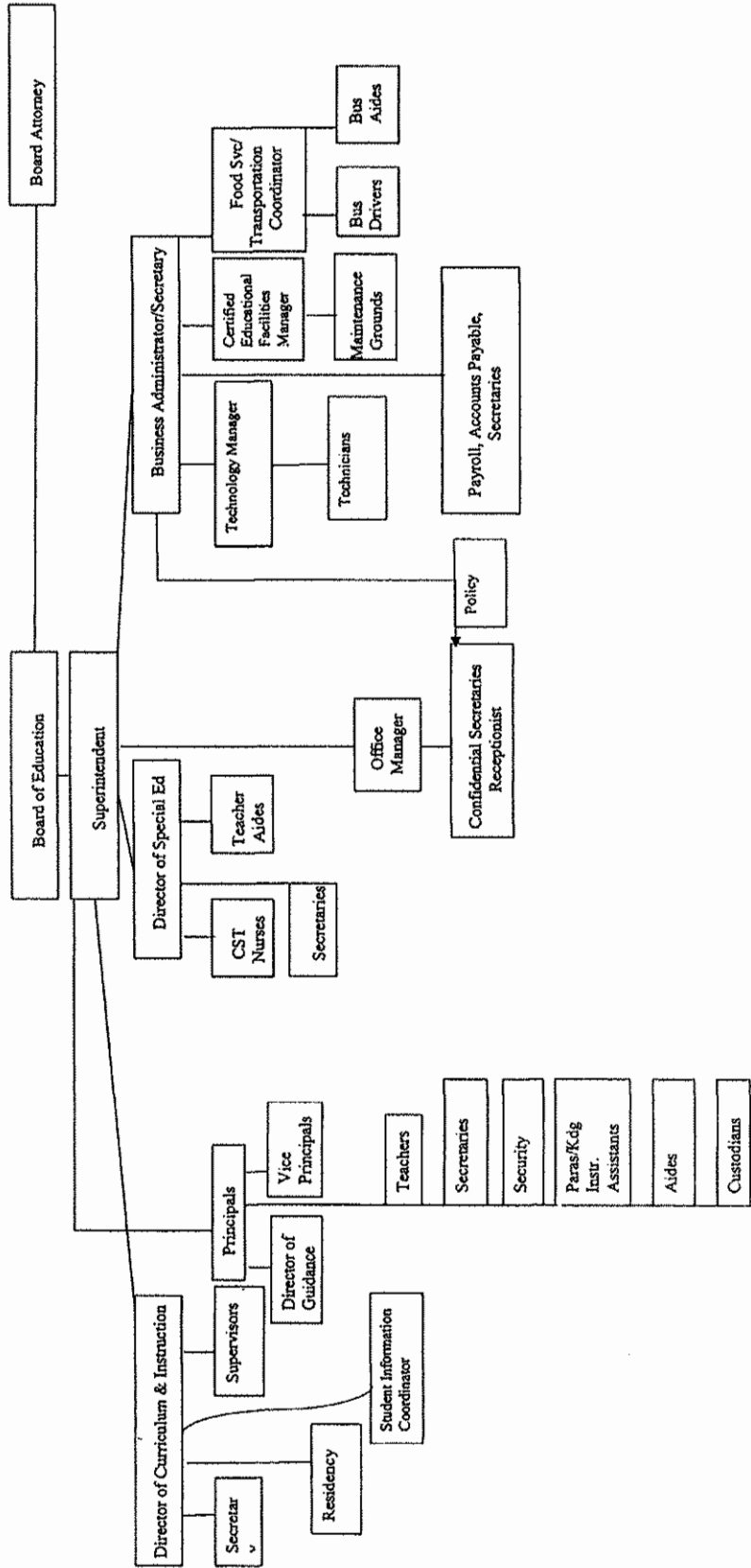
ATTORNEY

Hunt, Hamlin & Ridley
60 Park Place, 16th Fl.
Newark, New Jersey 07202

OFFICIAL DEPOSITORY

Investors Bank

Organization of Personnel and Reporting Responsibilities
 Hillside Public Schools
 November 11, 2019



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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hillside School District
County of Union
Hillside, New Jersey 07205

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 Hillside School District, in the County of Union, State of New Jersey (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 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 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2021, the District adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities (an Amendment of GASB Statement No. 34). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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 schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying 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, State of 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, State of 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2022 on our consideration of the Hillside 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 24, 2022

REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The discussion and analysis of the Township of Hillside School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) 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

Key financial highlights for 2021 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2020/2021 school year. The amount of the deferred state aid payments, which were received in July 2021, is \$2,880,115.
- General revenues accounted for \$54,463,588 or 67% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$27,305,307 or 33% of all revenues.
- The District had \$77,634,779 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.

Using this Annual Comprehensive Financial Report (ACFR)

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Government Activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, student transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service program is reported as business activities.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund Financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities. These statements closely resemble financial statements of a private sector business entity.

The School District as a Whole

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Table 1 provides a comparative summary of the District's net position for 2021 and 2020.

Table 1		Net Position	
		(As Restated)	
		<u>2021</u>	<u>2020</u>
Assets:			
Current and Other Assets	\$	16,928,150.12	\$ 13,859,104.86
Capital Assets		<u>23,371,671.32</u>	<u>23,000,576.44</u>
Total Assets		40,299,821.44	36,859,681.30
Deferred Outflows:			
Related to Pensions		<u>3,225,241.00</u>	<u>3,025,595.00</u>
Liabilities:			
Other Liabilities		7,430,240.19	6,109,371.31
Long-Term Liabilities		<u>14,765,015.50</u>	<u>16,979,044.56</u>
Total Liabilities		22,195,255.69	23,088,415.87
Deferred Inflows:			
Related to Pensions		<u>6,061,519.00</u>	<u>5,623,546.00</u>
Net Position:			
Net Investment in Capital Assets (Deficit)		23,371,671.32	21,600,576.44
Restricted		7,416,771.25	6,652,984.94
Unrestricted (Deficit)		<u>(15,520,154.82)</u>	<u>(17,080,246.95)</u>
Total Net Position	\$	<u><u>15,268,287.75</u></u>	\$ <u><u>11,173,314.43</u></u>

The District's combined net position were \$15,268,287.75 on June 30, 2021. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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Table 2 shows changes in net assets for fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	<u>2021</u>	(As Restated) <u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 73,962.50	\$ 522,061.95
Operating Grants and Contributions	27,231,344.10	21,840,156.48
General Revenues:		
Property Taxes	30,526,495.00	30,526,495.00
Grants and Entitlements	22,872,788.00	22,093,828.00
Other	<u>1,064,305.02</u>	<u>297,291.69</u>
Total Revenues	<u>81,768,894.62</u>	<u>75,279,833.12</u>
 Program Expenses		
Instruction	46,019,184.24	43,585,907.28
Support Services:		
Student and Instruction Related	12,003,655.29	10,226,154.37
General Administration	1,556,547.01	1,690,212.98
School Administration	6,055,381.98	5,273,174.39
Central Services/ Adm. Of Technology	1,574,095.62	1,060,647.73
Maintenance of Facilities	7,108,249.93	7,081,943.48
Student Transportation	1,711,275.48	1,794,438.13
Business Type Activities	661,062.45	1,315,912.25
Other	<u>945,327.30</u>	<u>41,010.00</u>
Total Expenses	<u>77,634,779.30</u>	<u>72,069,400.61</u>
 Increase/ (Decrease) in Net Position	 \$ <u>4,134,115.32</u>	 \$ <u>3,210,432.51</u>

Revenues and Expenses increased mainly as a result of the district recognizing a greater on-behalf TPAF contribution as revenue and expense based upon the State's Actuarial reports.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Government Activities

The public education in New Jersey is funded primarily through property taxes. Property taxes made up 38 percent of revenues for governmental activities in the District. There was no increase in property taxes from the prior year. The District's total revenues were \$81,042,846 for the year ended June 30, 2021.

Instruction comprises 60 percent of district expenses. Support services make up 39 percent of the district expenses and other services and expenses make up 1 percent.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services and operating grants and contributions in the food service program. The following are some of our major business type activity results.

- Business type revenues exceeded expenses by \$64,985.
- Revenues consist of \$281 in operating revenue from charges for services and \$725,767 in grants and contributions from State, Federal and other sources.

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

Table 3
Net Cost of Services

	<u>Total Cost of</u> <u>Services 2021</u>	<u>Total Cost of</u> <u>Services 2020</u>	<u>Net Cost of</u> <u>Services 2021</u>	<u>Net Cost of</u> <u>Services 2020</u>
Instruction	\$ 46,019,184.24	\$ 43,728,829.18	\$ 28,211,255.85	\$ 27,613,107.35
Support Services:				
Students and Instruction Related	12,003,655.29	10,226,154.39	6,913,314.28	7,184,486.59
General Administration, School				
& Central Administration	9,186,024.61	8,024,035.10	6,896,701.81	6,609,598.06
Maintenance of Facilities	7,108,249.93	7,081,943.48	6,237,799.93	6,737,545.67
Student Transportation	1,711,275.48	1,794,438.13	1,190,059.35	1,309,306.76
Other	945,327.30	41,010.00	945,327.30	41,010.00
Business-Type Activities	<u>661,062.44</u>	<u>1,315,912.25</u>	<u>(64,985.82)</u>	<u>69,174.17</u>
Total Net Cost of Services	\$ <u>\$77,634,779.29</u>	\$ <u>\$72,212,322.53</u>	\$ <u>\$50,329,472.70</u>	\$ <u>\$49,564,228.60</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

"Other" includes unallocated depreciation and interest on long term debt.

Business-Type activities include activities in the food service program.

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$72,895,069.34 and expenditures were \$71,127,997.64.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2021, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from FY2020</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 31,681,682.35	43.46%	\$ 616,498.29	2.17%
State Sources	38,448,969.77	52.75%	1,360,347.17	5.37%
Federal Sources	2,764,417.22	3.79%	1,139,953.85	77.08%
Total	\$ 72,895,069.34	100.00%	\$ 3,116,799.31	4.47%

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2021, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from FY2020</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 24,574,752.55	34.55%	(666,648.13)	-2.79%
Support Services	43,452,938.08	61.09%	3,826,119.39	8.09%
Capital Outlay	<u>3,100,307.01</u>	<u>4.36%</u>	<u>694,302.42</u>	<u>18.30%</u>
Total	<u>\$ 71,127,997.64</u>	<u>100.00%</u>	<u>3,853,773.68</u>	<u>5.73%</u>

General Fund Budgeting Highlights

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

Over the course of the year, the Board of Education, when appropriate, approved budget transfers to keep accounts in balance. Transfers to the budget were made to accurately reflect expenditures according to state guidelines and prevent over-expenditures in specific line item accounts. These revisions bear notation:

- TPAF, which is the State's contribution to the pension fund, post-retirement benefits and the employer's share of FICA costs, is neither a revenue or expenditure item in the budget; however, the School District is required to present this information in the revenue and expenditure sections of the report.

Debt Administration

At June 30, 2021, the District had \$14,765,015 of outstanding long-term liabilities. Of this amount, \$1,108,546 is for compensated absences and \$13,656,469 in net pension liability.

Capital Assets

At the end of the fiscal year 2021, the District had a net of \$23,371,671 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2021 balances compared to 2020.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Table 4
Capital Assets (Net of Depreciation)

	<u>2021</u>	(As restated) <u>2020</u>
Governmental Activities Capital Assets, Net:		
Construction in Progress	\$ 1,244,083.35	\$
Building and Building Improvements	20,638,520.03	21,463,947.08
Machinery and Equipment	<u>1,360,101.51</u>	<u>1,379,273.07</u>
Total Governmental Activities Capital Assets, Net	<u>23,242,704.89</u>	<u>22,843,220.15</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>128,966.43</u>	<u>118,214.29</u>
Total Business Type Activities Capital Assets, Net:	<u>128,966.43</u>	<u>118,214.29</u>
Total Capital Assets, Net	\$ <u>23,371,671.32</u>	\$ <u>22,961,434.44</u>

Overall net capital assets increased by \$410,236.88 from fiscal year 2020 to fiscal year 2021.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a long history of defeated budgets the overall financial condition of the District has continued to improve from year-to-year. (Note that the Board of Education changed the election to November and for the 2020-2021 budget stayed within the 2% tax cap allowed by the State of New Jersey which resulted in no required public vote.) This improvement in the overall financial condition has been due to the sustained diligent review and responsible management of the financial resources of district administration. The District constantly reevaluates its finances in order to address instructional goals and facility maintenance and improvement needs while responding to the local, state and national economic pressures.

For 2020-21 year, in the category of capital reserve, the board deposited over \$1,500,000. The staff, administration and board continually work to maintain financial and programmatic stability. All stakeholders realize that only through ongoing planning, active budget management, and tight financial controls are the challenges faced by the District addresses. It is with continued pride, confidence and enthusiasm that we reflect on past accomplishments and anticipate future opportunities.

With funds from the 2020-21 fiscal year, we continued to upgrade a number of areas in and around the schools. Roof repairs, toilet room renovations, playground additions and repairs were all completed. Capital Reserve money has funded this work.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
UNAUDITED

Significant concerns remain regarding facilities that have long been neglected due to a long history of budget defeats and resulting financial limitations. The inability to advance a capital campaign for school improvements that would result in a passed referendum, remains an impediment to very significant improvements in the physical plant of the district. Efforts to use a combination of current expense money, capital reserve and lease purchase funding has been the recourse to any physical plant improvement for the advantage of the students, staff and public in general. An energy grant has been entered into which with the savings from a district-wide lighting retrofit, two complete school building heating systems will be overhauled.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Dr. David Eichenholtz, Business Administrator/Board Secretary, Hillside Board of Education, 195 Virginia Street, Hillside, NJ 07205. 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 position and the statement of changes in net position 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 HILLSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$8,447,032.55	\$157,287.27	\$8,604,319.82
Receivables, net	1,617,049.74	239,885.61	1,856,935.35
Interfund balances receivable		216,615.77	216,615.77
Inventory		36,564.56	36,564.56
Restricted-cash and cash equivalents	6,213,714.62		6,213,714.62
Capital assets:			
Non Depreciable	1,244,083.35		1,244,083.35
Depreciable - Net	<u>21,998,621.54</u>	<u>128,966.43</u>	<u>22,127,587.97</u>
Total Assets	39,520,501.80	779,319.64	40,299,821.44
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>3,225,241.00</u>		<u>3,225,241.00</u>
LIABILITIES:			
Accounts payable	2,225,103.50	44,679.94	2,269,783.44
Accrued liability for insurance claims	1,062,738.00		1,062,738.00
Payable to state government	128,930.00		128,930.00
Interfund balances receivable	216,615.77		216,615.77
Unearned revenue	1,773,503.45	46,900.21	1,820,403.66
Payroll deductions and withholdings payable	1,931,769.32		1,931,769.32
Noncurrent liabilities:			
Due beyond one year			
Net pension liability	13,656,469.00		13,656,469.00
Compensated absences payable	<u>1,108,546.50</u>		<u>1,108,546.50</u>
Total liabilities	22,103,675.54	91,580.15	22,195,255.69
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	<u>6,061,519.00</u>		<u>6,061,519.00</u>
NET POSITION:			
Net Investment in capital assets	23,242,704.89	128,966.43	23,371,671.32
Restricted for:			
Special revenue	97,868.49		97,868.49
Capital projects	6,213,714.62		6,213,714.62
Other purposes	1,105,188.14		1,105,188.14
Unrestricted (deficit)	<u>(16,078,927.88)</u>	<u>558,773.06</u>	<u>(15,520,154.82)</u>
Total net position	<u>\$14,580,548.26</u>	<u>\$687,739.49</u>	<u>\$15,268,287.75</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 17,945,339.89	\$ 40,974.00	\$ 9,339,089.78	\$ (17,700,972.01)	\$	\$ (17,700,972.01)
Special	8,745,062.41		6,796,674.14	(6,433,488.26)		(6,433,488.26)
Other instruction	3,262,970.40		1,631,190.47	(4,076,795.58)		(4,076,795.58)
Support services:						
Student & instruction related services	6,599,656.70	32,707.20	5,057,633.81	(6,913,314.28)		(6,913,314.28)
General administrative services	1,120,805.25		323,259.24	(1,233,287.77)		(1,233,287.77)
School administrative services	3,092,623.77		1,782,714.90	(4,272,667.08)		(4,272,667.08)
Central services	640,079.46		163,953.28	(838,292.23)		(838,292.23)
Administration information technology	441,819.85		19,385.38	(552,454.73)		(552,454.73)
Plant operations and maintenance	5,031,833.82		870,450.00	(6,237,799.93)		(6,237,799.93)
Pupil transportation	1,566,030.10		521,216.13	(1,190,059.35)		(1,190,059.35)
Unallocated benefits	27,239,752.89			(932,259.00)		(932,259.00)
Unallocated depreciation and amortization	1,294,674.00			(13,068.30)		(13,068.30)
Interest on Long-Term Debt	13,068.30			(50,394,458.52)		(50,394,458.52)
Total governmental activities	76,973,716.84	73,881.20	26,505,577.13	(50,394,458.52)		(50,394,458.52)
Business-type activities						
Food Service	661,062.45	281.30	725,766.97		64,985.82	64,985.82
Total business-type activities	661,062.45	281.30	725,766.97		64,985.82	64,985.82
Total primary government	\$ 77,634,779.29	\$ 73,962.50	\$ 27,231,344.10	\$ (50,394,458.52)	\$ 64,985.82	\$ (50,329,472.70)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net				\$ 30,526,495.00	\$	\$ 30,526,495.00
Federal and state aid not restricted				22,872,788.00		22,872,788.00
Miscellaneous income				1,064,305.02		1,064,305.02
Total general revenues and special items				54,463,588.02		54,463,588.02
Change in net position				4,069,129.50	\$ 64,985.82	\$ 4,134,115.32
Net Position- beginning (as restated)				\$ 10,511,418.76	\$ 622,753.67	\$ 11,134,172.43
Net Position ending				\$ 14,580,548.26	\$ 687,739.49	\$ 15,268,287.75

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 HILLSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and cash equivalents	\$ 6,709,669.78	\$ 1,737,362.77	\$ 8,447,032.55
Accounts receivable:			
Federal		18,951.09	18,951.09
State	1,278,364.79	3,677.50	1,282,042.29
Local	298,555.37	17,500.99	316,056.36
Restricted-cash and cash equivalents	<u>6,213,714.62</u>		<u>6,213,714.62</u>
Total assets	<u>\$ 14,500,304.56</u>	<u>\$ 1,777,492.35</u>	<u>\$ 16,277,796.91</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 1,086,520.09	\$ 149,336.41	\$ 1,235,856.50
Accrued liability for insurance claims	1,062,738.00		1,062,738.00
Interfund payable	216,615.77		216,615.77
Payroll deductions and withholdings payable	1,931,769.32		1,931,769.32
Intergovernmental payables:			
State		128,930.00	128,930.00
Unearned revenue		<u>1,773,503.45</u>	<u>1,773,503.45</u>
Total liabilities	<u>4,297,643.18</u>	<u>2,051,769.86</u>	<u>6,349,413.04</u>
Fund balances:			
Restricted for:			
Capital reserve account	6,213,714.62		6,213,714.62
Excess surplus	650,000.00		650,000.00
Excess surplus - Designated for subsequent years expenditures	650,000.00		650,000.00
Scholarships		2,881.18	2,881.18
Student Activities		94,987.31	94,987.31
Unemployment	192,849.08		192,849.08
Assigned:			
Year-end encumbrances	616,095.78		616,095.78
SEMI FFCRA-Designated fro subsequent years	1,962.78		1,962.78
Designated for subsequent years expenditures	1,154,774.00		1,154,774.00
Unassigned/(Deficit)	<u>723,265.12</u>	<u>(372,146.00)</u>	<u>351,119.12</u>
Total fund balances(Deficit)	<u>10,202,661.38</u>	<u>(274,277.51)</u>	<u>9,928,383.87</u>
Total liabilities and fund balances	<u>\$ 14,500,304.56</u>	<u>\$ 1,777,492.35</u>	<u>\$ 16,277,796.91</u>

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

Total Fund Balances (Brought Forward)	\$	9,928,383.87
Amounts Reported for Governmental Activities in the Statement of Net Position (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	\$ 40,791,525.86	
Accumulated depreciation	<u>(17,548,820.97)</u>	23,242,704.89
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.		
Net pension liability	(13,656,469.00)	
Compensated absences payable	<u>(1,108,546.50)</u>	(14,765,015.50)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related		3,225,241.00
Deferred Inflows:		
Pension related		(6,061,519.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts payable - pension related		<u>(989,247.00)</u>
Net Position of Governmental Activities	\$	<u>14,580,548.26</u>

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

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

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Local sources:			
Local tax levy	\$ 30,526,495.00	\$	\$ 30,526,495.00
Tuition	40,974.00		40,974.00
Miscellaneous	1,064,305.02	49,908.33	1,114,213.35
Total - local sources	31,631,774.02	49,908.33	31,681,682.35
State sources	36,058,432.46	2,390,537.31	38,448,969.77
Federal sources	23,324.90	2,741,092.32	2,764,417.22
Total revenues	67,713,531.38	5,181,537.96	72,895,069.34
EXPENDITURES:			
Current expense:			
Regular instruction	13,971,333.82	3,350,407.86	17,321,741.68
Special instruction	3,963,642.54	852,338.93	4,815,981.47
Other Instruction	2,437,029.40		2,437,029.40
Support services:			
Tuition	4,506,530.88		4,506,530.88
Student & instruction related services	5,271,919.47	1,327,737.23	6,599,656.70
General administrative services	1,120,805.25		1,120,805.25
School administrative services	3,092,623.77		3,092,623.77
Central services	653,147.76		653,147.76
Administrative information technology	441,819.85		441,819.85
Plant operations and maintenance	5,031,833.82		5,031,833.82
Student transportation	1,566,030.10		1,566,030.10
Unallocated benefits	19,594,548.95		19,594,548.95
Capital outlay-lease purchase principal	1,400,000.00		1,400,000.00
Capital outlay	1,597,692.94	102,614.07	1,700,307.01
Transfer to Charter School	845,941.00		845,941.00
Total expenditures	65,494,899.55	5,633,098.09	71,127,997.64
Excess (deficiency) of revenues over (under) expenditures	2,218,631.83	(451,560.13)	1,767,071.70
Other financing sources (uses):			
Local Contrib. - Trans to Special Rev- Inclusion	(282,429.00)	282,429.00	
Total other financing sources	(282,429.00)	282,429.00	
Net change in fund balances	1,936,202.83	(169,131.13)	1,767,071.70
Fund balances, July 1, (Deficit) (as restated)	8,266,458.55	\$ (105,146.38)	8,161,312.17
Fund balances, June 30, (Deficit)	\$ 10,202,661.38	\$ (274,277.51)	\$ 9,928,383.87

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

Total net change in fund balances - governmental funds (from B-2)	\$	1,767,071.70
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Depreciation expense	\$	(1,254,674.00)
Capital outlays		1,700,307.01
Less: Capital outlays not capitalized		<u>(46,148.27)</u>
		399,484.74
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 lease principal		<u>1,400,000.00</u>
		1,400,000.00
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		916,118.00
Less: Pension expense		<u>(627,366.00)</u>
		288,752.00
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
(Increase)/ Decrease in compensated absences payable		<u>213,821.06</u>
Change in net position of governmental activities	\$	<u><u>4,069,129.50</u></u>

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

OTHER FUNDS

EXHIBIT "B-4"

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

BUSINESS-TYPE
ACTIVITIES
ENTERPRISE FUND

FOOD SERVICE

ASSETS:

Current assets:

Cash and cash equivalents	\$	157,287.27
Accounts receivable:		
Federal		202,800.50
Other		37,085.11
Interfunds		216,615.77
Inventories		36,564.56
		650,353.21
Total current assets		650,353.21

Noncurrent assets:

Furniture, machinery and equipment		515,185.01
Less accumulated depreciation		(386,218.58)
		128,966.43
Total noncurrent assets		128,966.43

Total assets

779,319.64

LIABILITIES:

Current liabilities:

Accounts payable		44,679.94
Unearned revenue		46,900.21
		91,580.15
Total current liabilities		91,580.15

Total liabilities

91,580.15

NET POSITION:

Net investment in capital assets		128,966.43
Unrestricted		558,773.06
		687,739.49

Total net position

\$ 687,739.49

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

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

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales - non-reimbursable programs	\$ <u>281.30</u>
Total Operating Revenues	<u>281.30</u>
OPERATING EXPENSES:	
Cost of sales-reimbursable	128,892.80
Cost of sales-non reimbursable	15,006.86
Salaries	235,714.80
Employee benefits / taxes	50,081.06
Other purchase property services (repairs)	27,706.18
Other purchased services	31,500.00
Supplies and materials	105,259.99
Miscellaneous	58,905.47
Depreciation	<u>7,995.29</u>
Total operating expenses	<u>661,062.45</u>
Operating Income (Loss)	<u>(660,781.15)</u>
NON-OPERATING REVENUES:	
Federal Sources	
National school lunch program	537,773.66
P-EBT Administrative Cost Reimbursement	3,063.00
Emergency Operational Cost Program-Schools	123,635.93
National food distribution commodities	<u>61,294.38</u>
Total non-operating revenues	<u>725,766.97</u>
Net income	<u>64,985.82</u>
Change in net position	64,985.82
Total net position - beginning	<u>622,753.67</u>
Total net position - ending	<u>\$ <u>687,739.49</u></u>

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

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

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 14,780.61
Payments to employees and employee benefits	(67,097.60)
Payments to suppliers	<u>(538,667.79)</u>
Net cash provided by (used for) operating activities	<u>(590,984.78)</u>
Cash flows from noncapital financing activities:	
State Sources	4,420.94
Federal Sources	546,683.19
Miscellaneous -Interfunds	<u>9,485.24</u>
Net cash provided by noncapital financing activities:	<u>560,589.37</u>
Net decrease in cash and cash equivalents	<u>(30,395.41)</u>
Cash and cash equivalents, July 1,	\$ <u>187,682.68</u>
Cash and cash equivalents, June 30,	\$ <u><u>157,287.27</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (660,781.15)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	7,995.29
National food distribution commodities	61,294.38
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(28,999.47)
Increase (decrease) in interfunds	3,510.87
Increase (decrease) in unearned revenue	25,189.24
(Increase) decrease in inventories	<u>806.06</u>
	<u>69,796.37</u>
Net cash provided by (used for) operating activities	\$ <u><u>(590,984.78)</u></u>

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Hillside 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 Hillside School District is a Type II District located in Union 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 high school, one middle school four elementary schools and an early learning center. 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 Hillside 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 Position 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 activities. 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 Hillside 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 Hillside 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 the District's Food Service program operations. These funds are 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.

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 Hillside School District
Notes to the Financial Statements
June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 net (\$904,521.66), representing prior unbudgeted state aids, and other approved modifications. 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).

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	40
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

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 leave in accordance with the District's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an allowable under generally accepted accounting principles.

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

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, Scholarships, Student Activities, Unemployment and Excess Surplus as Restricted Fund Balance.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 Hillside 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 1st 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 expense for this pension contribution.

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 one item that qualifies for reporting in this category, deferred amounts related to pensions.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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 fund which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	Prior to implementation of <u>GASB 84</u>	After Implementation of <u>GASB 84</u>
Student Activity Funds	Fiduciary Fund	Special Revenue Fund
Scholarship Funds	Fiduciary Fund	Special Revenue Fund
Payroll Agency Funds	Fiduciary Fund	General Fund
State Unemployment Compensation Fund	Fiduciary Fund	General Fund

See Note 19 for information of the restatement of balance resulting in the implementation of this new standard.

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

Fund Type:	Bank	Reconciling Items:		Reconciled
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Governmental	\$14,991,899.45	\$162,659.36	\$493,811.64	\$14,660,747.17
Proprietary	<u>315,025.16</u>	<u> </u>	<u>157,737.89</u>	<u>157,287.27</u>
	<u>\$15,306,924.61</u>	<u>\$162,659.36</u>	<u>\$651,549.53</u>	<u>\$14,818,034.44</u>

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 \$15,056,924.61 was covered under the provisions of NJGUDPA.

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

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

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.
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.

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

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

Investments (Continued)

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.

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.

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

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	(As restated)			
	Beginning		Transfers/ Deletions	Ending
	<u>Balance</u>	<u>Additions</u>		<u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	_____	\$1,244,083.35	_____	\$1,244,083.35
Total Capital Assets not being depreciated	_____	1,244,083.35	_____	1,244,083.35
Land Improvements				-
Buildings and Building Improvements	\$33,998,441.40	59,305.95		34,057,747.35
Machinery and Equipment	5,138,925.72	350,769.44		5,489,695.16
Totals at historical cost	39,137,367.12	410,075.39		39,547,442.51
Gross Assets (Memo only)	39,137,367.12	1,654,158.74		40,791,525.86
Less: Accumulated Depreciation				
Buildings and Building Improvements	(12,534,494.32)	(884,733.00)		(13,419,227.32)
Machinery and Equipment	(3,759,652.65)	(369,941.00)		(4,129,593.65)
Total Depreciation	(16,294,146.97)	(1,254,674.00)		(17,548,820.97)
Total capital assets being depreciated, net of depreciation	22,843,220.15	(844,598.61)		21,998,621.54
Total Governmental Fund Activities, net	<u>\$22,843,220.15</u>	<u>\$399,484.74</u>		<u>\$23,242,704.89</u>

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

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

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

	Beginning <u>Balance</u>	Additions	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Proprietary Activities:				
Machinery and Equipment	<u>\$498,937.77</u>	<u>\$18,747.43</u>	<u>(2,500.77)</u>	<u>\$515,184.43</u>
Totals at historical cost	<u>498,937.77</u>	<u>18,747.43</u>	<u>(2,500.77)</u>	<u>515,184.43</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>(380,723.48)</u>	<u>(7,995.29)</u>	<u>2,500.77</u>	<u>(386,218.00)</u>
Total Depreciation	<u>(380,723.48)</u>	<u>(7,995.29)</u>	<u>2,500.77</u>	<u>(386,218.00)</u>
Total Proprietary Fund Activities, net	<u><u>\$118,214.29</u></u>	<u><u>\$10,752.14</u></u>	<u><u>(2,500.77)</u></u>	<u><u>\$128,966.43</u></u>

Depreciation expense was charged to functional expenses in the governmental activities of the District as follows:

Instruction:	
Regular	\$64,497.81
Special Education Instruction	19,302.08
Other Instruction	10,086.76
Support services:	
Student and instruction related services	43,962.35
General administrative services	5,847.00
School administrative services	36,002.00
Central Services and Information Technology	82,291.00
Plant operations and maintenance	38,258.00
Pupil transportation	22,168.00
Direct Expense of various functions	<u>932,259.00</u>
	<u><u>\$1,254,674.00</u></u>

Township of Hillside 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>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2021</u>	Due Within <u>One Year</u>
Net Pension Liability	\$14,256,677.00		(\$600,208.00)	\$13,656,469.00	
Compensated Absence	1,322,367.56		(213,821.06)	1,108,546.50	
Capital Leases Payable	<u>1,400,000.00</u>		<u>(1,400,000.00)</u>		
Total	<u><u>\$16,979,044.56</u></u>		<u><u>(\$2,214,029.06)</u></u>	<u><u>\$14,765,015.50</u></u>	

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

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

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	\$2,199,237,755
2019	1,994,538,932
2018	<u>1,847,101,187</u>
	<u>\$6,040,877,874</u>
Average equalized valuation	<u>\$2,013,625,958</u>
School borrowing margin (4% of \$2,013,625,958)	\$80,545,038
Net school debt as of June 30 2021	<u>-0-</u>
School borrowing power available	<u>\$80,545,038</u>

Township of Hillside 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.

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

NOTE 5: PENSION PLANS (CONTINUED)

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.

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.

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

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 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.

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).

Three Year Trend Information for PERS

<u>Year Ended</u>	<u>Annual Pension</u>	<u>Percentage of</u>	<u>Net Pension</u>
<u>June 30,</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
2021	\$916,118.00	100.00%	\$916,118.00
2020	769,633.00	100.00%	769,633.00
2019	808,048.00	100.00%	808,048.00

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

NOTE 5: PENSION PLANS (CONTINUED)

During the fiscal years ended June 30, 2021, 2020, and 2019, the State of New Jersey contributed \$5,918,169.00, \$4,793,955.00 and \$4,421,323.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2021, 2020 and 2019, the State of New Jersey reimbursed the District \$1,894,501.46, \$1,821,389.87 and \$1,805,889.00 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

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 \$13,656,469.00 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 0.0837440803 percent, which was an increase of 0.0046215658 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$627,366.00 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

Township of Hillside 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)

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	\$248,662	\$48,295
Changes of assumptions	443,031	5,718,093
Net difference between projected and actual earnings on pension plan investments	466,789	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,077,512	295,131
District contributions subsequent to the measurement date	<u>989,247</u>	<u> </u>
	<u>\$3,225,241</u>	<u>\$6,061,519</u>

The \$989,247 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 Hillside 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:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2021	(\$1,557,161)
2022	(1,405,840)
2023	(736,348)
2024	(204,567)
2025	<u>78,391</u>
	<u><u>(\$3,825,525)</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	2.75%	2.75%
Salary Increases		
Through 2026	2.00-6.00%	2.00-6.00%
Thereafter	3.00-7.00%	3.00-7.00%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

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

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

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	\$17,326,398	\$13,656,469	\$10,740,941

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>.

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.

Township of Hillside 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)

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	<u>\$141,387,844</u>
	<u>\$141,387,844</u>

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 .2147159118% which was a decrease of .0054774427 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 \$9,304,001.00 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 Hillside 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 Hillside 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 Hillside 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 Hillside 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	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,943</u>

Township of Hillside 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, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>78,851,636</u>
	<u>\$78,851,636</u>

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

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

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$2,856,641 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2019 measurement date.

At June 30, 2019, the District's proportion was .1889608734 percent, which was an increase of .0054541689 from its proportion measured as of June 30, 2018.

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 Hillside 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 as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The 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, 2019</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 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-2019. 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-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, 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 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected.

The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Township of Hillside 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)

Discount Rate

The discount rate for June 30, 2020 and June 30, 2019 was 3.50% and 3.87% 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.

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, 2018 to June 30, 2019.

Balance at 6/30/18		\$84,616,470
Changes for the year:		
Service cost	\$3,777,387	
Interest	3,375,825	
Differences between expected and actual experience	(11,744,971)	
Changes in assumptions or other inputs	1,175,684	
Membership Contributions	71,751	
Benefit payments - Net	<u>(2,420,510)</u>	
Net changes		<u>(5,764,834)</u>
Balance at 6/30/19		<u>\$78,851,636</u>

Township of Hillside 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 the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, 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, 2019		
	<u>1.00% Decrease (2.50%)</u>	<u>At Discount Rate (3.50)</u>	<u>1.00% Increase (4.50%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the District	\$93,154,942	\$78,851,636	\$67,489,874

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, 2019, 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:

	June 30, 2019		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the District	\$64,970,233	\$78,851,636	\$97,227,763

Township of Hillside 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)

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>.

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 Hillside School District
Notes to the Financial Statements
June 30, 2021

NOTE 10: RISK MANAGEMENT (CONTINUED)

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. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Year Ended <u>June 30,</u>	Interest and Employer <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2021				\$192,849.08
2020			104,784.92	192,849.08
2019	\$27,500.00	\$51,567.00	63,049.00	297,634.00

Health Benefits - The District provides health benefits to employees through a minimum premium insurance policy. The incurred but not reported liability ("IBNR") actuarially computed was \$1,062,738.00 at June 30, 2021. It was also noted that the entire IBNR is adjusted for changes in estimate at year end and such changes are reflected in the district's budget and the entire liability is treated as a liability for budgetary purposes.

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

NOTE 11: 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 unions.

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 \$1,108,546.50.

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.

NOTE 12: FUND BALANCE APPROPRIATED – GAAP BASIS

General Fund - Of the \$10,202,661.38 in General Fund Balance at June 30, 2021, \$616,095.78 has been assigned for encumbrances; \$6,213,714.62 has been restricted in the Capital Reserve Account; 650,000.00 has been restricted as excess surplus; \$650,000.00 has been restricted as excess surplus – designated for subsequent years' expenditures; \$192,849.08 has been restricted as unemployment; \$1,962.78 has been assigned SEMI FFCRA designated for subsequent years' expenditures; \$1,154,774.00 has been assigned designated for subsequent years' expenditures; and \$723,265.12- is unassigned.

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

NOTE 13: 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.

General Fund Expenditures:			
Fiscal Year Ended, June 30, 2021	\$		65,494,899.55
Increased by:			
Transfer from General Fund to SRF for Preschool		<u>282,429.00</u>	
			65,777,328.55
Less:			
On-Behalf TPAF Pension & Social Security		9,910,150.46	
Adjusted General Fund Expenditures		55,867,178.09	
Excess Surplus Percentage		<u>0.04</u>	
			2,234,687.12
Increased by:			
Extraordinary Aid (unbudgeted)	\$	<u>996,547.00</u>	
			<u>996,547.00</u>
Maximum Unreserved/Undesignated General Fund Balance			3,231,234.12
Actual Unassigned General Fund Balance			<u>3,881,234.12</u>
Excess Surplus			<u><u>650,000.00</u></u>
Recapitulation of Excess Surplus as of June 30, 2021			
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditure			650,000.00
Restricted for Excess Surplus			<u>650,000.00</u>
	\$		<u><u>1,300,000.00</u></u>

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

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by 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.

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 during the year ended June 30, 2021, is as follows:

Balance, July 1, 2020		\$	5,453,214.72
Deposits:			
Interest Earnings	\$		4,026.38
Board Resolution		<u>2,787,448.52</u>	
			<u>2,791,474.90</u>
			8,244,689.62
Withdrawals:			
Current Year Budget(Net)			<u>2,030,975.00</u>
Balance, June 30, 2021			<u><u>6,213,714.62</u></u>

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

NOTE 15: DEFICIT FUND BALANCE

The District has a deficit of fund balance of \$274,277.51 in the Special Revenue Fund as of June 30, 2021 as reported in the GAAP fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry; *i.e.*, if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the delayed state aid payments in the subsequent fiscal year, the school district cannot recognize the delayed state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the delayed state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a result from a delay in state aid payments until the following fiscal year, is not considered a violation of New Jersey statute. The deficit in the Special Revenue Fund is equal to or less than the delayed state aid payment and, therefore, no violation of New Jersey Statute or regulation exists nor is there a need for corrective action.

NOTE 16: INVENTORY

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

Food and Supplies	<u>\$36,564.56</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 17: 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 Hillside School District
Notes to the Financial Statements
June 30, 2021

NOTE 19: PRIOR PERIOD ADJUSTMENT

	<u>Fiduciary Fund</u>
Net Position 06/30/20	\$195,724.73
Unemployment Trust	(192,849.08)
Scholarships	(2,875.65)
Net Position 06/30/20 (As restated)	\$-0-
	<u>Governmental Activities</u>
Net Position 06/30/20	\$10,208,858.06
Adjustments:	
Student Activities	145,977.97
Unemployment	192,849.08
Scholarships	2,875.65
Capital Assets	(39,142.00)
Net Position 06/30/20 (As restated)	\$10,511,418.76

NOTE 20: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through February 24, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that the following items require disclosure in the financial statements:

The District entered into an Energy Savings Improvement Program Lease on July 1, 2021 in the amount of \$4,542,000.00. The term of the lease is for fifteen years at an interest rate of 2.595%.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 30,526,495.00	\$	\$ 30,526,495.00	\$ 30,526,495.00	\$ 40,974.00
Tuition from Other Governmental Sources				40,974.00	
Unrestricted Miscellaneous Revenues	257,692.00		257,692.00	1,060,278.64	802,586.64
Interest Earned on Capital Reserve Funds				4,026.38	4,026.38
Total Local Sources	30,784,187.00		30,784,187.00	31,631,774.02	847,587.02
State Sources:					
Categorical Transportation Aid	460,771.00		460,771.00	460,771.00	
Extraordinary Aid				996,547.00	996,547.00
Categorical Special Education Aid	1,827,031.00		1,827,031.00	1,827,031.00	
Equalization Aid	23,343,707.00		23,343,707.00	21,854,098.00	(1,489,609.00)
Categorical Security Aid	1,089,465.00		1,089,465.00	1,089,465.00	
On-behalf TPAF Contributions-non-budgeted				5,793,438.00	5,793,438.00
On-behalf TPAF N.C.G.I.-non-budgeted				124,731.00	124,731.00
Reimbursed TPAF Soc. Sec. Contribution-non-budgeted				1,894,501.46	1,894,501.46
Post Retirement Medical-non budgeted				2,093,547.00	2,093,547.00
Long Term Disability Insurance				3,933.00	3,933.00
Total State Sources	26,720,974.00		26,720,974.00	36,138,062.46	9,417,088.46
Federal Sources:					
Medicaid Reimbursement	77,233.00		77,233.00	23,324.90	(53,908.10)
Total Federal Sources	77,233.00		77,233.00	23,324.90	(53,908.10)
Total Revenues	57,582,394.00		57,582,394.00	67,793,161.38	10,210,767.38

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

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Kindergarten	\$ 770,301.00	\$	\$ 770,301.00	\$ 592,085.14	\$ 178,215.86
Grades 1-5	4,576,309.00	233,981.29	4,810,290.29	4,359,230.82	451,059.47
Grades 6-8	2,779,846.00	193,606.27	2,973,452.27	2,935,326.18	38,126.09
Grades 9-12	5,267,070.00	22,533.14	5,289,603.14	5,195,205.35	94,397.79
Regular programs - home instruction:					
Salaries of teachers	7,600.00	(3,570.25)	7,600.00	3,315.00	4,285.00
Purchased professional educational services	15,000.00		11,429.75	3,500.00	7,929.75
Regular programs - undistributed instruction:					
Purchased professional - educational services	271,745.00	(14,457.39)	257,287.61	145,768.31	111,519.30
Other purchased services (400 - 500 series)	202,594.00	16,159.00	218,753.00	209,781.30	8,971.70
General supplies	553,603.19	52,910.11	606,513.30	430,763.20	175,750.10
Textbooks	61,022.99	28,825.18	89,848.17	88,730.92	1,117.25
Other objects	103,241.00	(84,016.18)	19,224.82	7,627.60	11,597.22
Total Instruction - Regular Programs	14,608,332.18	445,971.17	15,054,303.35	13,971,333.82	1,082,969.53
Learning and/or Language Disabilities:					
Salaries of Teachers	228,532.00	1,431.60	229,963.60	229,003.60	960.00
Other salaries for instruction	46,390.00	38,214.00	84,604.00	77,604.00	7,000.00
General Supplies	1,298.00	(1,298.00)			
Total Learning and/or Language Disabilities	276,220.00	38,347.60	314,567.60	306,607.60	7,960.00
Multiple Disabilities:					
Salaries for Teachers	379,739.00	3,209.00	382,948.00	376,856.80	6,091.20
Other Salaries for Instruction	82,374.00		82,374.00		82,374.00
General Supplies	4,500.00	(133.60)	4,366.40	291.84	4,074.56
Total Multiple Disabilities	466,613.00	3,075.40	469,688.40	377,148.64	92,539.76
Resource Room / Resource Center:					
Salaries of Teachers	2,686,686.00		2,686,686.00	2,556,387.67	130,298.33
Other salaries for instruction	146,215.00		146,215.00	114,887.60	31,327.40
General Supplies	3,812.00		3,812.00	475.39	3,336.61
Total Resource Room / Resource Center	2,836,713.00		2,836,713.00	2,671,750.66	164,962.34

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Autism:					
Salaries of Teachers	\$ 211,492.00	\$ 2,689.00	\$ 214,181.00	\$ 204,186.20	\$ 9,994.80
Other Salaries for Instruction	99,484.00		99,484.00	73,323.09	26,160.91
General Supplies	5,625.00		5,625.00	295.75	5,329.25
Total Autism	316,601.00	2,689.00	319,290.00	277,805.04	41,484.96
Preschool Disabilities - Full - Time:					
Salaries of Teachers	264,076.00		264,076.00	251,755.60	12,320.40
Other Salaries for Instruction	167,303.00		167,303.00	50,123.85	117,179.15
Supplies and Materials	1,875.00		1,875.00	1,397.48	477.52
Total Preschool Disabilities - Full - Time	433,254.00		433,254.00	303,276.93	129,977.07
Home Instruction:					
Salaries of Teachers	6,000.00		6,000.00	3,810.00	2,190.00
Purchased Professional-Educational Services	20,000.00	3,398.25	23,398.25	23,243.67	154.58
Total Home Instruction	26,000.00	3,398.25	29,398.25	27,053.67	2,344.58
Total Special Education	4,355,401.00	47,510.25	4,402,911.25	3,963,642.54	439,268.71
Basic Skills / Remedial:					
Salaries of Teachers	1,099,674.00	23,155.25	1,122,829.25	1,105,251.43	17,577.82
Total Basic Skills / Remedial	1,099,674.00	23,155.25	1,122,829.25	1,105,251.43	17,577.82
Bilingual Education Instruction:					
Salaries of Teachers	743,557.00		743,557.00	735,315.00	8,242.00
General Supplies	1,795.00		1,795.00	1,297.27	497.73
Total Bilingual Education Instruction	745,352.00		745,352.00	736,612.27	8,739.73
School Sponsored Co-Curricular Activities:					
Salaries	170,044.00		170,044.00	63,579.50	106,464.50
Supplies and Materials	11,337.35		11,337.35	3,045.35	8,292.00
Other Objects	500.00		500.00		500.00
Total School Sponsored Co-Curricular Activities	181,881.35		181,881.35	66,624.85	115,256.50

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
School Sponsored Athletics:					
Salaries	\$ 384,990.00	\$ (8,961.00)	\$ 376,029.00	\$ 276,308.38	\$ 99,720.62
Purchased Services (300-500 Series)	78,300.00	(22,124.53)	56,175.47	42,479.99	13,695.48
Supplies and Materials	78,413.28	20,663.63	99,076.91	86,926.84	12,150.27
Other Objects	38,052.86	16,900.00	54,952.86	38,624.84	16,328.02
Total School Sponsored Athletics	579,756.14	6,478.10	586,234.24	444,339.85	141,894.39
Before/After School Programs Instruction:					
Salaries of Teacher Tutors	73,300.00	28,460.00	101,760.00	84,201.00	17,559.00
Total Before/After School Programs Instruction	73,300.00	28,460.00	101,760.00	84,201.00	17,559.00
Total Before/After School Programs	73,300.00	28,460.00	101,760.00	84,201.00	17,559.00
Summer School Instruction:					
Salaries	188,500.00	(1,333.00)	187,167.00		187,167.00
Total Summer School Instruction	188,500.00	(1,333.00)	187,167.00		187,167.00
Total Summer School	188,500.00	(1,333.00)	187,167.00		187,167.00
Total Other Instructional Programs	2,868,463.49	56,760.35	2,925,223.84	2,437,029.40	488,194.44
Total - Instruction	21,832,196.67	550,241.77	22,382,438.44	20,372,005.76	2,010,432.68
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Regular	48,000.00	47,560.00	95,560.00	95,560.00	
Tuition to Other LEA's within the State - Special	1,023,661.00	65,900.36	1,089,561.36	1,089,561.36	
Tuition to County Vocational School District - Regular	474,500.00	(72,400.00)	402,100.00	402,100.00	
Tuition to County Vocational School District - Sp Ed	64,000.00	(25,235.76)	38,764.24	38,764.24	
Tuition to CSSD & Regional Day Schools	92,467.00	(71,072.85)	21,394.15		21,394.15
Tuition to Private Schools for the Handicapped w/in State	1,944,595.00	739,550.41	2,684,145.41	2,676,722.14	7,423.27
Tuition - State Facilities	124,033.00	0.20	124,033.20	124,033.20	
Tuition - Other	70,263.00	13,134.42	83,397.42	56,783.94	26,613.48
Total Undistributed Expenditures - Instruction	20,450.00	2,556.00	23,006.00	23,006.00	
	3,861,969.00	699,992.78	4,561,961.78	4,506,530.88	55,430.90
Attendance and Social Work Services:					
Salaries	60,132.00		60,132.00	59,265.00	867.00
Total Attendance and Social Work Services	60,132.00		60,132.00	59,265.00	867.00

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Health Services:					
Salaries	\$ 692,902.00	\$ 11,570.46	\$ 704,472.46	\$ 689,489.34	\$ 14,983.12
Purchased Professional and Technical Services	51,429.29	(19,098.96)	32,330.33	21,620.41	10,709.92
Supplies and Materials	11,580.00	500.00	12,080.00	7,940.81	4,139.19
Total Health Services	755,911.29	(7,028.50)	748,882.79	719,050.56	29,832.23
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	652,987.00	3,726.20	656,713.20	651,173.91	5,539.29
Purchased Professional - Educational Services	34,000.00	(3,726.20)	30,273.80	28,309.66	1,964.14
Supplies and Materials	3,620.00	3,620.00	7,240.00	2,147.33	5,092.67
Total Other Support Services - Speech, OT, PT & Related Services	690,607.00	(0.00)	690,607.00	681,630.90	8,976.10
Other Support Services - Students - Extra Services					
Salaries	413,889.00	2,424.77	416,313.77	416,313.77	
Purchased Professional - Educational Services	571,500.00	(165,662.20)	405,837.80	224,123.54	181,714.26
Total Other Support Services - Students - Extra Services	985,389.00	(163,237.43)	822,151.57	640,437.31	181,714.26
Guidance:					
Salaries of Other Professional Staff	823,069.00	22,310.21	845,379.21	831,702.19	13,677.02
Salaries of Secretarial and Clerical Assistants	149,019.00		149,019.00	146,760.00	2,259.00
Other Purchased Professional and Tech Services	16,400.00	2,880.00	19,280.00	10,653.00	8,627.00
Other Purchased Services	11,678.00	27,487.73	39,165.73	35,056.66	4,109.07
Supplies and Materials	8,900.00	7,317.69	16,217.69	13,215.04	3,002.65
Total Guidance	1,009,066.00	59,995.63	1,069,061.63	1,037,386.89	31,674.74
Child Study Teams:					
Salaries of Other Professional Staff	879,807.00		879,807.00	860,264.87	19,542.13
Salaries of Secretarial and Clerical Assistants	110,946.00	1,719.00	112,665.00	112,665.00	
Purchased Professional Educational Services	23,700.00		23,700.00	23,696.00	4.00
Other Purchased Services (400-500 series)	5,030.00		5,030.00	3,096.04	1,933.96
Supplies and Materials	10,770.17	1,000.00	11,770.17	10,814.62	955.55
Other Objects	1,600.00		1,600.00	1,470.00	130.00
Total Child Study Teams	1,031,853.17	2,719.00	1,034,572.17	1,012,006.53	22,565.64

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	\$ 727,394.00	\$	\$ 727,394.00	\$ 693,908.16	\$ 33,485.84
Salaries of Other Professional Staff	9,500.00		9,500.00	9,440.00	60.00
Unused Vacation Payment to Terminated/Retired Staff	109,741.00	29,748.06	29,748.06	29,748.06	
Purchased Professional Educational Services		(56,100.65)	53,640.35	49,152.98	4,487.37
Total Improvement of Instruction Services /					
Other Support Services - Instructional Staff	846,635.00	(26,352.59)	820,282.41	782,249.20	38,033.21
Educational Media Services / School Library:					
Salaries	334,886.00	22,710.00	357,596.00	224,388.25	133,207.75
Salaries of Technological Coordinators	264,884.00	(126,456.00)	138,428.00	96,872.58	41,555.42
Other Purchased Services (400-500 Series)	2,000.00		2,000.00	1,847.75	152.25
Supplies and materials	6,500.00	(1,713.31)	4,786.69	1,298.00	3,488.69
Total Educational Media Services / School Library	608,270.00	(105,459.31)	502,810.69	324,406.58	178,404.11
Instructional Staff Training Services:					
Other Salaries	17,000.00		17,000.00	13,816.50	3,183.50
Purchased Professional Educational Services	24,200.00	(3,940.00)	20,260.00	1,670.00	18,590.00
Other Purchased Services (400- 500)	9,450.00	(3,000.00)	6,450.00		6,450.00
Total Instructional Staff Training Services	50,650.00	(6,940.00)	43,710.00	15,486.50	28,223.50
Support Services General Administration:					
Salaries	462,862.00	(16,670.00)	446,192.00	387,863.12	58,328.88
Legal Services	120,000.00	50,167.50	170,167.50	170,167.50	
Audit Fees	28,000.00	182,802.32	210,802.32	210,802.32	
Architectural/Engineering Services	11,742.79	63,475.00	75,217.79	33,999.66	41,218.13
Other Purchased Professional Services	8,700.00	(1,837.38)	6,862.62	5,285.00	1,577.62
Communications / Telephone	158,029.00	5,500.00	163,529.00	118,035.66	45,493.34
BOE Other Purchased Services	9,000.00	(5,000.00)	4,000.00	924.98	3,075.02
Miscellaneous Purchased Services	18,411.00	54,759.01	73,170.01	62,210.37	10,959.64
General Supplies	16,000.00	(3,625.00)	12,375.00	8,260.84	4,114.16
BOE In- House Training/ Meeting Supplies	3,342.00		3,342.00	1,385.69	1,956.31
Judgements against the District	62,800.00	20,842.20	83,642.20	83,640.75	1.45
Miscellaneous Expenditures	40,110.00	(660.00)	39,450.00	38,229.36	1,220.64
Total Support Services General Administration	938,996.79	349,753.65	1,288,750.44	1,120,805.25	167,945.19

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services School Administration:					
Salaries of Principals / Asst. Principals/ Pgr. Directors	\$ 1,684,367.00	\$ 85,908.16	\$ 1,770,275.16	\$ 1,697,975.07	\$ 72,300.09
Salaries of Other Professionals	472,700.00	73,168.12	545,868.12	541,485.12	4,383.00
Salaries of Secretarial and Clerical Assistants	781,072.00	9,654.68	790,726.68	743,857.52	46,869.16
Purchased Professional and Technical Services	25,250.00	(12,000.00)	13,250.00	7,257.95	5,992.05
Other Purchased Services(400-500 series)	24,315.00	60,848.13	85,164.13	51,195.50	33,968.63
Supplies and Materials	52,738.04	13,965.87	66,703.91	42,142.92	24,560.99
Other Objects	11,715.00	400.00	12,115.00	8,709.69	3,405.31
Total Support Services School Administration	3,052,157.04	231,945.96	3,284,103.00	3,092,623.77	191,479.23
Central Service:					
Salaries	572,599.00	18,368.60	590,967.60	573,337.00	17,630.60
Purchased Professional Services	750.00		750.00		750.00
Purchased Professional Services- Public Relation Costs	20,944.00	(15,773.43)	5,170.57	4,120.00	1,050.57
Purchased Technical Services	15,000.00	25,329.20	40,329.20	39,748.87	580.33
Misc. Purch Services (400-500)	22,400.00	(5,127.29)	17,272.71	10,970.85	6,301.86
Supplies and Materials	10,813.18	1,141.76	11,954.94	9,018.08	2,936.86
Interest on Lease Purchase Agreements	13,068.00	0.30	13,068.30	13,068.30	
Miscellaneous Expenditures	20,000.00	(4,367.20)	15,632.80	2,894.66	12,748.14
Total Central Service	675,574.18	19,571.94	695,146.12	653,147.76	41,998.36
Administrative Information Technology:					
Salaries	102,574.00		102,574.00	67,824.76	34,749.24
Unused Vacation Payment to Terminated/Retired Staff		64,397.29	64,397.29	64,397.29	
Purchased Technical Services	7,200.00	285,914.21	293,114.21	292,713.70	400.51
Other Purchased Services	4,200.00	(1,765.90)	2,434.10		2,434.10
Supplies and Materials	8,300.00	29,654.69	37,954.69	16,884.10	21,070.59
Total Administrative Information Technology	122,274.00	378,200.29	500,474.29	441,819.85	58,654.44
Required Maintenance for School Facilities:					
Salaries	547,952.00	4,186.89	552,138.89	463,511.18	88,627.71
Unused Vacation Payment to Terminated/Retired Staff		6,000.00	6,000.00	6,000.00	
Cleaning, Repair and Maintenance Services	1,792,709.89	(758,674.50)	1,034,035.39	945,938.11	88,097.28
Lead Testing of Drinking Water	6,000.00	(800.00)	5,200.00	521.95	4,678.05
General Supplies	168,071.55	61,200.18	229,271.73	205,128.96	24,142.77
Other Objects	4,050.00	(2,600.00)	1,450.00	415.00	1,035.00
Total Required Maintenance for School Facilities	2,518,783.44	(690,687.43)	1,828,096.01	1,621,515.20	206,580.81

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,867,044.00	\$ 20,337.07	\$ 1,887,381.07	1,742,692.76	144,688.31
Salaries of Non-Instructional Aides	69,506.00		69,506.00	15,113.30	54,392.70
Unused Vacation Payment to Terminated/Retired Staff		3,712.50	3,712.50	3,712.50	
Purchased Professional and Technical Services	47,500.00	(38,044.56)	9,455.44	9,188.93	266.51
Cleaning, Repair and Maintenance Services	51,000.00	(31,200.00)	19,800.00	9,539.82	10,260.18
Other Purchased Property Services	46,000.00	33,000.00	79,000.00	58,401.82	20,598.18
Insurance	359,280.00	(280,682.00)	78,598.00	78,598.00	
Miscellaneous Purchased Services	2,000.00	21,453.00	23,453.00	22,952.80	500.20
General Supplies	47,625.70	(35,254.00)	12,371.70	7,855.45	4,516.25
Energy (Natural Gas)	243,500.00	9,800.00	253,300.00	237,918.06	15,381.94
Energy (Heat and Electricity)	373,050.00		373,050.00	256,657.13	116,392.87
Energy (Gasoline)		8,000.00	8,000.00	7,106.14	893.86
Other Objects	1,050.00	15,205.00	16,255.00	15,345.00	910.00
Total Custodial Services	<u>3,107,555.70</u>	<u>(273,672.99)</u>	<u>2,833,882.71</u>	<u>2,465,081.71</u>	<u>368,801.00</u>
Care and Upkeep of Grounds:					
Salaries	20,000.00		20,000.00	6,802.28	13,197.72
Cleaning, Repair And Maintenance	93,388.50	(2,000.00)	91,388.50	79,835.28	11,553.22
General Supplies	2,333.00	(2,000.00)	333.00		333.00
Total Care and Upkeep of Grounds	<u>115,721.50</u>	<u>(4,000.00)</u>	<u>111,721.50</u>	<u>86,637.56</u>	<u>25,083.94</u>
Security:					
Salaries	951,604.00	2,821.92	954,425.92	815,803.80	138,622.12
Purchased Professional and Technical Services	817,730.00	(817,730.00)			
Cleaning, Repair, and Maintenance Services		144,492.00	144,492.00	41,153.55	103,338.45
General Supplies	16,631.30		16,631.30	1,642.00	14,989.30
Total Security	<u>1,785,965.30</u>	<u>(670,416.08)</u>	<u>1,115,549.22</u>	<u>856,599.35</u>	<u>256,949.87</u>

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:	\$ 40,147.00	\$ 21,580.26	\$ 40,147.00	\$ 22,744.84	\$ 17,402.16
Salaries of Non-Instructional Aides	42,305.00		63,885.26		
Salaries for Pupil Transportation (Between Home and School) - Regular	157,079.00	0.20	157,079.20	106,087.46	50,991.74
Salaries for Pupil Transportation (Between Home and School) - Special	55,197.00		55,197.00	8,983.67	46,213.33
Sal. for Pupil Trans (Other than Btw Home & Sch)	73,059.55		73,059.55	48,264.19	24,795.36
Management Fee- ESC & CTSA Trans. Program	400.00		400.00	268.00	132.00
Other Purchased Professional & Technical Services	50,769.00	(16,720.17)	34,048.83	18,937.11	15,111.72
Cleaning, Repair and Maintenance Services	22,520.00		22,520.00		22,520.00
Contracted Services - Aid in Lieu Payments-Charter Sch	57,000.00		57,000.00	53,245.24	3,754.76
Contract Serv. - Aid in Lieu Pymts-Choice Sch		3,240.00	3,240.00		
Contracted Services (Between Home & School) - Vendors and School) - Vendors	151,500.00	(3,240.00)	148,260.00	57,838.73	90,421.27
Contract Serv.(Reg. Students)-ESCs & CTSA	405,526.38	(9,992.24)	395,534.14	267,910.48	127,623.66
Contracted Svces -(Spec.Ed. Stud) - ESCs & CTSA	1,176,453.23	(230,184.49)	946,268.74	911,261.90	35,006.84
Miscellaneous Purchased Services - Transportation	650.00		650.00	370.00	280.00
Transportation Supplies	15,735.00		15,735.00	2,818.22	12,916.78
Other Objects	400.00		400.00	175.00	225.00
Total Student Transportation Services	2,248,741.16	(235,316.44)	2,013,424.72	1,566,030.10	447,394.62
Unallocated Benefits - Employee Benefits:	666,395.92		666,395.92	581,771.08	84,624.84
Social Security Contributions	1,000,000.00	(83,552.09)	916,447.91	916,118.00	328.91
Other Retirement Contributions - PERS	12,600.00	130,000.00	142,600.00	142,382.10	217.90
Other Retirement Contributions - Regular	60,000.00		60,000.00		60,000.00
Unemployment Compensation	422,607.00	319,950.81	742,557.81	727,105.83	15,451.98
Workmen's Compensation	7,618,080.00	(452,463.65)	7,165,616.35	6,690,601.95	475,014.40
Health Benefits	96,200.00		96,200.00	51,256.16	44,943.84
Tuition Reimbursements	674,826.00	(5,841.06)	668,984.94	575,163.37	93,821.57
Other Employee Benefits	63,884.00	(63,884.00)			
Unused Sick Payment to Terminated/Retired Staff	10,614,592.92	(155,789.99)	10,458,802.93	9,684,398.49	774,404.44
Total Unallocated Benefits - Employee Benefits					

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

	ORGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
	\$	\$	\$	\$	\$
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				5,793,438.00	(5,793,438.00)
NCGI-non-budgeted				124,731.00	(124,731.00)
Post Retirement Medical-non budgeted				2,093,547.00	(2,093,547.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				1,894,501.46	(1,894,501.46)
Long Term Disability Insurance				3,933.00	(3,933.00)
Total TPAF Pension/Social Security				9,910,150.46	(9,910,150.46)
Total Undistributed Expenditures	35,080,844.49	(596,721.51)	34,484,122.98	41,279,259.85	(6,795,136.87)
TOTAL EXPENDITURES - CURRENT EXPENSE	56,913,041.16	(46,479.74)	56,866,561.42	61,651,265.61	(4,784,704.19)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	18,000.00		18,000.00		18,000.00
Grades 6-8	32,000.00		32,000.00	8,231.20	23,768.80
Grades 9-12 - Equipment	35,000.00		35,000.00		35,000.00
Undistributed Expenditures - Instruction	61,500.00		61,500.00		61,500.00
Undistributed-Admin. Info Technology	163,528.00		163,528.00	156,953.94	6,574.06
Undistributed-Required Maint. for School Facilities	74,530.00	(2,500.00)	72,030.00	42,985.50	29,044.50
Undist. Expend. - Care and Upkeep of Grounds	2,000.00	(845.00)	1,155.00		1,155.00
Undist.Expend.-Student Trans.-Non-inst. Equip.	58,100.00	5,000.00	63,100.00	63,007.00	93.00
Total Equipment	444,658.00	1,655.00	446,313.00	271,177.64	175,135.36
Facilities Acquisition and Construction Services:					
Legal Services	20,000.00	(20,000.00)			
Architectural/engineering services	107,200.00	(106,355.00)	845.00	845.00	
Other purch prof & tech services	125,292.00	(125,292.00)			
Construction services	2,091,358.07	(594,087.50)	1,497,270.57	1,297,144.30	200,126.27
Lease purchase agreements - principal	1,400,000.00		1,400,000.00	1,400,000.00	
Assessment for Debt Service on SDA Funding	28,526.00		28,526.00	28,526.00	
Total Facilities Acquisition and Construction Services	3,772,376.07	(845,734.50)	2,926,641.57	2,726,515.30	200,126.27
TOTAL CAPITAL OUTLAY	4,217,034.07	(844,079.50)	3,372,954.57	2,997,692.94	375,261.63

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other Special Schools Instruction:					
Transfer of funds to charter schools	\$ 928,657.00	\$ (13,962.42)	\$ 914,694.58	\$ 845,941.00	\$ 68,753.58
TOTAL EXPENDITURES	<u>62,058,732.23</u>	<u>(904,521.66)</u>	<u>61,154,210.57</u>	<u>65,494,899.55</u>	<u>(4,340,688.98)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (4,476,338.23)	\$ 904,521.66	\$ (3,571,816.57)	\$ 2,298,261.83	\$ 5,870,078.40
Local Contrib. - Trans to Special Rev- Inclusion	(282,429.00)		(282,429.00)	(282,429.00)	
Total other financing sources	(282,429.00)		(282,429.00)	(282,429.00)	
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(4,758,767.23)	904,521.66	(3,854,245.57)	2,015,832.83	5,870,078.40
Fund balances, July 1 (as restated)	10,694,797.55		10,694,797.55	10,694,797.55	
Fund balances, June 30	\$ 5,936,030.32	\$ 904,521.66	\$ 6,840,551.98	\$ 12,710,630.38	\$ 5,870,078.40

Recapitulation:

Assigned - year-end encumbrances	\$ 616,095.78
Restricted - excess surplus - current year	650,000.00
Restricted - excess surplus - designated for subsequent year's expenditures	650,000.00
Restricted - capital reserve	6,213,714.62
Restricted - unemployment	192,849.08
Unassigned fund balance	3,231,234.12
Assigned - designated for subsequent years expenditures	1,154,774.00
Assigned fund balance FCRA/SEMI-unreserved desig. sub. year	1,962.78
	<u>\$ 12,710,630.38</u>
Reconciliation to governmental funds statements (GAAP):	
Prior Year aid payment not recognized on GAAP basis	(2,507,969.00)
Fund balance per governmental funds (GAAP)	<u>\$ 10,202,661.38</u>

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

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	\$ 8,000.00	\$ 949.08	\$ 8,949.08	\$ 64,319.23	\$ 55,370.15
State Sources	2,903,592.73	55,158.45	2,958,751.18	2,645,238.48	(313,512.70)
Federal Sources	1,843,664.00	399,504.63	2,243,168.63	2,750,322.40	507,153.77
Total Revenues	\$ 4,755,256.73	\$ 455,612.16	\$ 5,210,868.89	\$ 5,459,890.11	\$ 249,011.22
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 2,141,834.39	\$ (229,208.00)	\$ 1,915,626.39	\$ 1,835,602.49	\$ 80,023.90
Purchased Professional / Educational Services	802,273.00	(58,539.40)	743,733.60	392,329.28	351,404.32
Tuition	839,344.00		839,344.00	827,310.64	12,033.36
General Supplies	748,830.11	2,039.85	750,869.96	525,677.32	225,192.64
Other Objects	15,856.68		299,296.64	433.29	298,863.35
Total Instruction	4,548,138.18	(282,707.55)	4,548,870.59	3,581,353.02	967,517.57
Support Services:					
Salaries	303,828.00		303,828.00	185,139.20	118,688.80
Other Salaries	100,156.00		100,156.00	25,780.00	74,376.00
Purchased Services Employee Benefits				832,756.98	(832,756.98)
Purchased Professional / Educational Services	872,142.72	37,988.75	910,131.47	425,098.94	485,032.53
Purchased Professional/Technical Services	31,119.00		31,119.00		31,119.00
Other purchased services	158,577.39		158,577.39	25,001.75	133,575.64
Supplies and Materials	467,268.84	63,865.80	531,134.64	468,890.19	62,244.45
Other Objects	96,532.00		96,532.00	273.56	96,258.44
Student Activities			178,685.17	83,697.86	94,987.31
Total Support Services	2,029,623.95	101,854.55	2,313,044.85	2,046,638.48	266,406.37
Facilities Acquisition and Construction Service:					
Instructional equipment	171,500.00		168,990.41	151,017.89	17,972.52
Non-instructional equipment	20,000.00		20,000.00	14,284.85	5,715.15
Total Facilities Acquisition and Construction Service	191,500.00		188,990.41	165,302.74	23,687.67
Total expenditures	\$ 6,769,262.13	\$ (180,853.00)	\$ 7,050,905.85	\$ 5,793,294.24	\$ 1,257,611.61
Other Financing Sources (Uses)					
Transfer from General Fund				282,429.00	
Total expenditures and other financing sources (uses)	\$ 6,769,262.13	\$ (180,853.00)	\$ 7,050,905.85	\$ 5,510,865.24	\$ 1,257,611.61
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ (50,985.13)	
Fund Balance, July 1 (as restated)				148,853.62	
Fund Balance, June 30				\$ 97,868.49	
Recapitulation:					
Restricted:					
Scholarships				2,881.18	
Student Activities				94,987.31	
Total Fund Balance				\$ 97,868.49	

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 67,793,161.38	\$ 5,459,880.11
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	2,428,339.00	254,000.00
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(2,507,969.00)	(372,146.00)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		67,548.86
Less prior year encumbrances canceled		(1,033.64)
Less current year encumbrances		(226,711.37)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 67,713,531.38	\$ 5,181,537.96
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 65,494,899.55	\$ 5,510,865.24
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		67,548.86
Less prior year encumbrances canceled		(1,033.64)
Less current year encumbrances		(226,711.37)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (inflows).		282,429.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 65,494,899.55	\$ 5,633,098.09

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS

<u>Measurement Date Ending June 30.</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2013	0.0753700000%	\$ 14,404,969	\$ 4,994,304.00	288.43%	48.72%
2014	0.0760200000%	14,233,593	5,024,804.00	283.27%	52.08%
2015	0.0774700000%	17,389,569	5,057,539.00	343.83%	47.93%
2016	0.0780400000%	23,115,036	5,234,389.00	441.60%	40.14%
2017	0.0803900000%	18,715,555	5,428,652.00	344.76%	48.10%
2018	0.0812300000%	15,995,206	5,556,246.00	287.88%	53.60%
2019	0.0791225145%	14,256,677	5,547,742.00	256.98%	56.27%
2020	0.0837440803%	13,656,469	6,025,109.00	226.66%	58.32%

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 626,723	\$ 626,723	\$ -0-	\$ 5,024,804.00	12.47%
2015	666,000	666,000	-0-	5,057,539.00	13.17%
2016	693,351	693,351	-0-	5,234,389.00	13.25%
2017	744,809	744,809	-0-	5,428,652.00	13.72%
2018	808,048	808,048	-0-	5,556,246.00	14.54%
2019	769,633	769,633	-0-	5,547,742.00	13.87%
2020	916,118	916,118	-0-	6,025,109.00	15.21%
2021	989,247	989,247	-0-	5,786,880.00	17.09%

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST EIGHT YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0000000000%	\$ -0-	\$ 116,653,960	22,037,145.00	-0-	529.35%	33.76%
2014	0.0000000000%	-0-	119,969,003	22,313,032.00	-0-	537.66%	33.64%
2015	0.0000000000%	-0-	141,176,459	22,962,182.00	-0-	614.82%	28.71%
2016	0.0000000000%	-0-	175,905,208	22,193,461.00	-0-	792.60%	22.33%
2017	0.0000000000%	-0-	150,398,267	23,141,862.00	-0-	649.90%	25.41%
2018	0.0000000000%	-0-	140,859,086	22,911,817.00	-0-	614.79%	26.49%
2019	0.0000000000%	-0-	135,134,740	24,190,598.00	-0-	558.63%	26.95%
2020	0.0000000000%	-0-	141,387,844	24,791,896.00	-0-	570.30%	24.60%

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

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

	Measurement Date Ended June 30,			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District				
Balance at Beginning of Fiscal year	\$78,851,636	\$84,616,470	\$98,078,398	\$105,331,974
Changes for the year:				
Service cost	3,903,098	3,777,387	4,274,458	5,215,181
Interest	2,858,631	3,375,825	3,625,475	3,095,280
Changes of benefit terms				
Differences between expected and actual experience	22,007,035	(11,744,971)	(9,467,284)	
Changes in assumptions or other inputs	23,565,302	1,175,684	(9,710,163)	(12,957,575)
Membership Contributions	68,074	71,751	78,200	99,646
Benefit payments - Net	2,245,921	(2,420,510)	(2,262,614)	(2,706,108)
Net changes	<u>54,648,061</u>	<u>(5,764,834)</u>	<u>(13,461,928)</u>	<u>(7,253,576)</u>
Balance at End of Fiscal year	<u>\$133,499,697</u>	<u>\$78,851,636</u>	<u>\$84,616,470</u>	<u>\$98,078,398</u>
Covered Employee Payroll	30,817,005	29,738,340	28,468,063	28,570,514
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	433.20%	265.15%	297.23%	343.29%

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
NOTES TO THE 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**

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

	NONPUBLIC COMPENSATORY EDUCATION	NONPUBLIC SUPPLEMENTAL INSTRUCTION	NONPUBLIC EXAM AND CLASS	SECURITY AID	NONPUBLIC SPEECH CORRECTION	NONPUBLIC TRANSPORTATION
REVENUES:						
Local Sources	\$ 7,663.92	2,428.20	6,688.20	23,550.00	3,736.74	1,117.00
State Sources						
Federal Sources						
Total Revenues	<u>7,663.92</u>	<u>2,428.20</u>	<u>6,688.20</u>	<u>23,550.00</u>	<u>3,736.74</u>	<u>1,117.00</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional / Educational Services						
Tuition						
General Supplies						
Other Objects						
Total Instruction						
Support Services:						
Salaries						
Other Salaries						
Personal Services Employee - Benefits	7,663.92	2,428.20	6,688.20	23,550.00	3,736.74	1,117.00
Purchased Professional / Educational Services						
Other purchased services						
Supplies and Materials						
Other Objects						
Student Activities						
Total Support Services	<u>7,663.92</u>	<u>2,428.20</u>	<u>6,688.20</u>	<u>23,550.00</u>	<u>3,736.74</u>	<u>1,117.00</u>
Equipment:						
Instructional Equip.						
Non-Instructional Equip.						
Total Equipment						
Total Expenditures	<u>7,663.92</u>	<u>2,428.20</u>	<u>6,688.20</u>	<u>23,550.00</u>	<u>3,736.74</u>	<u>1,117.00</u>
Other Financing Sources (Uses):						
Transfer from General Fund						
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances, July 1, (as restated)						
Fund Balances, June 30	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

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

	NONPUBLIC NURSING	PRESCHOOL EDUCATION AID	NONPUBLIC TEXTBOOKS	TITLE III	TITLE III IMMIGRANT	TITLE I SIA	TITLE I
	\$	\$	\$	\$	\$	\$	\$
REVENUES:							
Local Sources	6,463.26						
Slate Sources		2,583,982.48	9,608.68	50,804.94	12,414.60	4,800.00	543,148.27
Federal Sources							
Total Revenues	6,463.26	2,583,982.48	9,608.68	50,804.94	12,414.60	4,800.00	543,148.27
EXPENDITURES:							
Instruction:							
Salaries of Teachers		1,444,099.24				4,800.00	391,503.25
Purchased Professional / Educational Services							3,300.00
Tuition							
General Supplies		114,131.59		2,516.44	3,728.60		10,679.96
Other Objects		(0.00)					433.29
Total Instruction		1,558,230.83		2,516.44	3,728.60	4,800.00	405,916.50
Support Services:							
Salaries		185,139.20					
Other Salaries		24,150.00			1,630.00		
Personal Services Employee - Benefits		766,109.77					66,647.21
Purchased Professional / Educational Services	6,463.26	233,051.33	9,608.68	1,097.00	931.00		21,500.00
Other purchased services		6,733.75					
Supplies and Materials		20,916.86		2,779.50	6,125.00		273.56
Other Objects							
Student Activities							
Total Support Services	6,463.26	1,236,100.91	9,608.68	3,876.50	8,686.00		88,420.77
Equipment:							
Instructional Equip.		57,794.89		44,412.00			48,811.00
Non-Instructional Equip.		14,284.85					
Total Equipment		72,079.74		44,412.00			48,811.00
Total Expenditures	6,463.26	2,866,411.48	9,608.68	50,804.94	12,414.60	4,800.00	543,148.27
Other Financing Sources (Uses):							
Transfer from General Fund		282,429.00					
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1, (as restated)							
Fund Balances, June 30	-0-	-0-	-0-	-0-	-0-	-0-	-0-

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

	ESSER	COUNTY OF UNION ESSER	CORONA RELIEF FUND	CARES DIGITAL DIVIDE	STUDENT ACTIVITIES	SCHOLARSHIPS
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 549,144.30	\$ 164,500.00	\$ 308,917.38	\$ 194,143.50	\$ 32,707.20	\$ 5.53
EXPENDITURES:						
Instruction:						
Salaries of Teachers	366,640.60					
Purchased Professional / Educational Services						
Tuition		164,500.00		194,143.50		
General Supplies						
Other Objects						
Total Instruction	366,640.60	164,500.00		194,143.50		
Support Services:						
Salaries						
Other Salaries						
Personal Services Employee - Benefits	54,976.75					
Purchased Professional / Educational Services			308,917.38			
Supplies and Materials	127,526.95				83,697.86	
Other Objects						
Student Activities						
Total Support Services	162,503.70		308,917.38		83,697.86	
Equipment:						
Instructional Equip.						
Non-Instructional Equip.						
Total Equipment						
Total Expenditures	549,144.30	164,500.00	308,917.38	194,143.50	83,697.86	
Other Financing Sources (Uses):						
Transfer from General Fund						
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	(50,990.66)	5.53
Fund Balances, July 1, (as restated)					145,977.97	2,875.65
Fund Balances, June 30	-0-	-0-	-0-	-0-	94,987.31	2,881.18

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

	OTHER LOCAL	IDEA PART B BASIC	TITLE IV	TITLE IIA	TOTALS
REVENUES:					
Local Sources	\$ 31,606.50				\$ 64,319.23
State Sources		831,821.87	10,331.00	80,296.54	2,645,238.48
Federal Sources					2,750,322.40
Total Revenues	31,606.50	831,821.87	10,331.00	80,296.54	5,459,880.11
EXPENDITURES:					
Instruction:					
Salaries of Teachers					1,835,602.49
Purchased Professional / Educational Services			4,325.00	13,263.68	392,329.28
Tuition		827,310.64			827,310.64
General Supplies	14,939.00	4,511.23	3,006.00	13,521.00	525,677.32
Other Objects					453.29
Total Instruction	14,939.00	831,821.87	7,331.00	26,784.68	3,581,353.02
Support Services:					
Salaries					185,198.20
Other Salaries					25,780.00
Personal Services Employee - Benefits					832,766.98
Purchased Professional / Educational Services				52,286.86	425,098.94
Other purchased services	14,043.00		3,000.00	1,225.00	25,001.75
Supplies and Materials	2,624.50				468,890.19
Other Objects					273.56
Student Activities					83,697.86
Total Support Services	16,667.50		3,000.00	53,511.86	2,046,638.48
Equipment:					
Instructional Equip.					151,017.89
Non-Instructional Equip.					14,284.85
Total Equipment					165,302.74
Total Expenditures	31,606.50	831,821.87	10,331.00	80,296.54	5,783,294.24
Other Financing Sources (Uses):					
Transfer from General Fund					282,429.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	(50,985.13)
Fund Balances, July 1, (as restated)					148,853.62
Fund Balances, June 30	-0-	-0-	-0-	-0-	97,868.49

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 1,388,336.00	\$ 1,444,099.24	\$ (55,763.24)
Purchased Professional / Educational Services	36,000.00		36,000.00
Supplies	127,304.61	114,131.59	13,173.02
Other Objects	294,296.64	(0.00)	294,296.64
Total instruction	<u>1,845,937.25</u>	<u>1,558,230.83</u>	<u>287,706.42</u>
Support services:			
Salaries	391,125.00	209,289.20	181,835.80
Personnel services - employee benefits	984,308.00	766,109.77	218,198.23
Purchased professional-educational services	399,406.00	233,051.33	166,354.67
Supplies	27,672.82	20,916.86	6,755.96
Other Objects	75,000.00		75,000.00
Total support services	<u>2,000,511.82</u>	<u>1,236,100.91</u>	<u>764,410.91</u>
Equipment:			
Instructional Equip.	64,490.41	57,794.89	6,695.52
Non-Instructional Equip.	20,000.00	14,284.85	5,715.15
Total Equipment	<u>84,490.41</u>	<u>72,079.74</u>	<u>12,410.67</u>
Total expenditures	<u>\$ 3,930,939.48</u>	<u>\$ 2,866,411.48</u>	<u>\$ 1,064,528.00</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2020-21 Preschool Education Aid Allocation	\$ 3,743,970.00
Add: Actual PreK Carryover (June 30, 2020)	390,845.37
Add: Budgeted Transfer From General Fund	282,429.00
Add: Prior Encumbrances Canceled	1,033.64
Total Preschool Education Funds Available for 2020-21 Budget	<u>4,418,278.01</u>
Less: 2020-21 Budgeted Prek (Including prior year budgeted carryover)	(3,930,939.48)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	487,338.53
Add: June 30, 2021 Unexpended Preschool Education Aid	\$ 1,064,528.00
2020-21 actual Carryover-Preschool Education Aid	<u>\$ 1,551,866.53</u>
2020-21 Preschool Education Aid Carryover Budgeted for Preschool Programs 2021-22	<u>\$ -0-</u>

LONG-TERM DEBT 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 Capital Leases.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2020</u>	<u>DECREASE</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2021</u>
Construction of an Addition and Improvements to the George Washington School	1.867%	6,750,000.00	\$ 1,400,000.00	\$ 1,400,000.00	\$ _____
			\$ 1,400,000.00	\$ 1,400,000.00	\$ _____

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STATISTICAL SECTION
(UNAUDITED)

TOWNSHIP OF HILLSIDE 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-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 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 HILLSIDE SCHOOL DISTRICT
NET POSITION BY COMPONENT
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities										
Net investment in capital assets	\$ 23,242,705	\$ 21,482,362	\$ 20,542,307	\$ 18,994,743	\$ 17,697,811	\$ 16,566,172	\$ 16,610,812	\$ 14,872,057	\$ 14,909,859	\$ 13,307,648
Restricted	7,416,771	6,311,282	4,335,706	4,532,602	4,379,528	9,618,305	2,712,518	1,862,718	701,829	701,721
Unrestricted (deficit)	(16,078,928)	(17,584,786)	(17,920,151)	(18,147,217)	(17,269,467)	(20,975,257)	(15,341,938)	(15,881,687)	(688,476)	(766,218)
Total governmental activities net position	\$ 14,580,548	\$ 10,208,858	\$ 6,957,862	\$ 5,380,128	\$ 4,807,872	\$ 5,209,220	\$ 3,981,392	\$ 853,088	\$ 14,943,212	\$ 13,243,151
Business-type activities										
Net investment in capital assets	\$ 128,966	\$ 118,214	\$ 104,469	\$ 107,837	\$ 104,728	\$ 84,085	\$ 89,846	\$ 89,289	\$ 43,664	\$ 44,089
Unrestricted	558,773	504,539	587,458	538,514	538,824	432,511	271,420	231,149	254,564	269,127
Total business-type activities net position	\$ 687,739	\$ 622,753	\$ 691,927	\$ 646,351	\$ 643,552	\$ 516,596	\$ 361,266	\$ 320,438	\$ 298,228	\$ 280,703
District-wide										
Net investment in capital assets	\$ 23,371,671	\$ 21,600,576	\$ 20,646,776	\$ 19,102,580	\$ 17,802,539	\$ 16,650,257	\$ 16,700,658	\$ 14,961,346	\$ 14,953,523	\$ 13,351,737
Restricted	7,416,771	6,311,282	4,335,706	4,532,602	4,379,528	9,618,305	2,712,518	1,862,718	701,829	701,721
Unrestricted (deficit)	(15,520,155)	(17,080,247)	(17,332,693)	(17,608,703)	(16,730,643)	(20,542,746)	(15,070,518)	(15,650,538)	(413,912)	(497,091)
Total district net position	\$ 15,268,287	\$ 10,831,611	\$ 7,649,789	\$ 6,026,479	\$ 5,451,424	\$ 5,725,616	\$ 4,342,658	\$ 1,173,526	\$ 15,241,440	\$ 13,556,367

Source: ACFR Schedule A-1

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
CHANGES IN NET POSITION
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 27,081,036	\$ 26,508,588	\$ 28,483,466	\$ 32,741,063	\$ 32,057,954	\$ 27,980,628	\$ 26,795,030	\$ 22,919,477	\$ 23,050,123	\$ 23,276,436
Special education	13,230,162	11,371,981	10,805,925	10,990,620	11,299,422	9,942,845	9,236,929	9,982,041	9,299,964	9,425,597
Other instruction	5,707,986	5,705,338	4,317,811	1,924,003	1,845,336	1,717,505	1,595,651	1,599,474	1,509,337	1,326,175
School sponsored activities and athletics			1,207,838	826,233	797,057	808,825	777,843	700,647	699,647	727,611
Support Services:										
Student and instruction related services	12,003,655	10,083,232	10,055,596	11,215,930	9,424,472	8,782,273	7,909,394	6,574,029	6,626,499	5,182,761
Attendance and Social Work					50,038	32,058	15,664	15,603	15,010	15,914
Educational media/school library					1,124,224	1,065,093	985,502	882,624	864,168	808,189
General administration	1,566,547	1,690,213	1,462,348	2,032,639	1,313,806	1,204,577	1,264,707	1,095,179	1,086,487	1,086,487
School administrative services	6,055,382	5,273,174	4,852,521	4,911,264	5,036,336	4,302,884	4,066,728	3,628,876	3,559,103	3,347,762
Central services	1,574,096	1,060,648	1,220,532	1,335,068	1,407,913	1,224,377	1,183,876	1,027,351	1,325,257	942,254
Plant operations and maintenance	7,108,250	7,081,943	7,185,612	7,210,105	6,237,423	6,324,336	6,197,970	6,224,513	5,744,786	6,080,794
Pupil transportation	1,711,275	1,794,438	1,849,250	1,745,975	1,780,843	1,702,699	1,543,651	1,482,745	986,186	1,299,276
Interest on long-term debt	13,068	41,010	68,514	93,431	118,687	54,842				
Unallocated depreciation	932,259									
Total governmental activities expenses	<u>\$ 76,973,716</u>	<u>\$ 70,610,565</u>	<u>\$ 71,509,413</u>	<u>\$ 75,026,331</u>	<u>\$ 72,493,511</u>	<u>\$ 65,152,942</u>	<u>\$ 61,522,945</u>	<u>\$ 55,058,344</u>	<u>\$ 54,775,269</u>	<u>\$ 53,529,256</u>
Business-type activities:										
Food service	661,062	1,315,912	1,630,350	1,505,700	1,556,282	1,541,980	1,515,374	1,470,985	1,410,289	1,400,535
Total business-type activities expense	<u>\$ 661,062</u>	<u>\$ 1,315,912</u>	<u>\$ 1,630,350</u>	<u>\$ 1,505,700</u>	<u>\$ 1,556,282</u>	<u>\$ 1,541,980</u>	<u>\$ 1,515,374</u>	<u>\$ 1,470,985</u>	<u>\$ 1,410,289</u>	<u>\$ 1,400,535</u>
Total district expenses	<u>\$ 77,634,778</u>	<u>\$ 71,926,477</u>	<u>\$ 73,139,763</u>	<u>\$ 76,532,031</u>	<u>\$ 74,049,793</u>	<u>\$ 66,694,922</u>	<u>\$ 63,038,319</u>	<u>\$ 57,529,229</u>	<u>\$ 56,185,558</u>	<u>\$ 54,929,791</u>
Program Revenues										
Governmental activities:										
Charges for services	\$ 73,681	\$ 62,868	\$ 63,000	\$ 32,459	\$ 73,763	\$ 274,074	\$ 295,075	\$ 657,471	\$ 705,289	\$ 131,180
Operating grants and contributions	26,505,577	20,881,112	22,312,511	25,265,637	22,827,051	18,032,588	15,593,774	9,965,423	10,955,632	\$ 88,779,692.00
Capital grants and contributions			147,556	285,395		127,027	1,330,010	77,564	32,377	
Total governmental activities program revenues	<u>\$ 26,579,258</u>	<u>\$ 20,943,980</u>	<u>\$ 22,523,057</u>	<u>\$ 25,563,491</u>	<u>\$ 22,900,214</u>	<u>\$ 18,433,689</u>	<u>\$ 17,208,859</u>	<u>\$ 10,700,458</u>	<u>\$ 11,693,298</u>	<u>\$ 8,910,872</u>
Business-type activities:										
Charges for services										
Food service	281	287,693	452,918	411,023	414,694	419,494	412,934	454,267	442,562	434,862
Operating grants and contributions	725,767	989,045	1,229,247	1,222,126	1,217,962	1,292,118	1,169,874	1,083,317	1,013,305	1,027,347
Total business-type activities program revenues	<u>\$ 726,048</u>	<u>\$ 1,246,738</u>	<u>\$ 1,682,165</u>	<u>\$ 1,633,149</u>	<u>\$ 1,632,656</u>	<u>\$ 1,711,612</u>	<u>\$ 1,582,808</u>	<u>\$ 1,537,584</u>	<u>\$ 1,452,897</u>	<u>\$ 1,462,209</u>
Total district program revenues	<u>\$ 27,305,306</u>	<u>\$ 22,190,718</u>	<u>\$ 24,205,232</u>	<u>\$ 27,196,640</u>	<u>\$ 24,532,870</u>	<u>\$ 20,145,301</u>	<u>\$ 18,791,667</u>	<u>\$ 12,238,042</u>	<u>\$ 13,149,195</u>	<u>\$ 10,373,081</u>
Net (Expense)/Revenue	<u>\$ (50,394,458)</u>	<u>\$ (49,666,585)</u>	<u>\$ (48,986,346)</u>	<u>\$ (49,442,840)</u>	<u>\$ (49,593,297)</u>	<u>\$ (46,719,253)</u>	<u>\$ (44,314,086)</u>	<u>\$ (45,357,886)</u>	<u>\$ (43,081,971)</u>	<u>\$ (44,618,364)</u>
Governmental activities										
Business-type activities	64,986	(69,174)	51,815	127,449	76,374	169,632	67,434	66,699	45,608	61,674
Total district-wide net expense	<u>\$ (50,329,472)</u>	<u>\$ (49,735,759)</u>	<u>\$ (48,934,531)</u>	<u>\$ (49,315,391)</u>	<u>\$ (49,516,923)</u>	<u>\$ (46,549,621)</u>	<u>\$ (44,246,652)</u>	<u>\$ (45,291,187)</u>	<u>\$ (43,036,363)</u>	<u>\$ (44,556,710)</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
CHANGES IN NET POSITION
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 30,526,495	\$ 30,526,495	\$ 30,526,495	\$ 29,927,936	\$ 29,927,936	\$ 28,776,862	\$ 28,212,610	\$ 26,561,400	\$ 26,040,588	\$ 25,529,988
Unrestricted state aid	22,872,788	22,093,828	19,740,098	19,765,400	19,156,899	19,059,560	19,080,335	19,010,557	18,495,504	18,633,587
Miscellaneous income	1,064,305	297,258	297,487	321,760	107,314	110,659	149,445	100,774	252,105	711,333
Total governmental activities	\$ 54,463,588	\$ 52,917,581	\$ 50,564,080	\$ 50,015,096	\$ 48,191,949	\$ 47,947,081	\$ 47,442,390	\$ 45,666,566	\$ 44,788,197	\$ 44,839,908
Total district-wide	\$ 54,463,588	\$ 52,917,581	\$ 50,564,080	\$ 50,015,096	\$ 48,191,949	\$ 47,947,081	\$ 47,442,390	\$ 45,666,566	\$ 44,788,197	\$ 44,839,908
Change in Net Position										
Governmental activities	\$ 4,069,130	\$ 3,250,996	\$ 1,577,734	\$ 572,256	\$ (401,348)	\$ 1,227,828	\$ 3,128,304	\$ 308,680	\$ 1,706,226	\$ 221,524
Business-type activities(Deficit)	64,986	(69,174)	51,815	127,449	76,374	189,632	67,434	66,699	45,608	61,674
Total district	\$ 4,134,116	\$ 3,181,822	\$ 1,629,549	\$ 699,705	\$ (324,974)	\$ 1,397,460	\$ 3,195,738	\$ 375,379	\$ 1,751,834	\$ 283,198

Source: ACFR Schedule A-2

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 (modified accrual basis of accounting)
 UNAUDITED

	Fiscal Year Ending June 30,										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
General Fund											
Reserved											
Unreserved(Deficit)											
Restricted	\$ 7,706,564	\$ 6,311,282	\$ 5,270,179	\$ 4,639,261	\$ 3,044,525	\$ 1,985,193	\$ 2,372,027	\$ 501,424	\$ 701,829	\$ 695,337	
Committed			300,000	100,532							
Assigned	1,772,833	1,762,327	1,229,748	1,289,131	1,327,546	2,250,060	1,544,442	907,973	1,742,235	1,497,088	
Unassigned(Deficit)	723,265	(1,199,525)	(1,126,412)	(1,083,490)	(1,083,490)	(1,081,973)	(1,138,929)	(1,089,951)	(1,135,984)	(1,089,306)	
Total general fund	\$ 10,202,662	\$ 8,073,609	\$ 5,600,402	\$ 4,902,512	\$ 3,288,581	\$ 3,153,280	\$ 2,777,540	\$ 319,446	\$ 1,308,080	\$ 1,103,119	
All Other Governmental Funds											
Restricted	\$ 97,868			\$ 167,815	\$ 1,806,140	\$ 8,049,775	\$ 340,491	\$ 1,361,294		\$ 6,384	
Assigned											
Unassigned(Deficit)	\$ (372,146)	\$ (254,000)	\$ (256,228)	\$ (117,695)	\$ (94,711)	\$ (104,681)	\$ (95,334)	\$ (101,565)	\$ (103,206)	\$ (79,241)	
Total all other governmental funds	\$ (274,278)	\$ (254,000)	\$ (256,228)	\$ 50,120	\$ 1,711,429	\$ 7,945,094	\$ 245,157	\$ 1,259,729	\$ (103,206)	\$ (72,857)	

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Tax Levy	\$ 30,526,485	\$ 30,526,495	\$ 30,526,495	\$ 29,927,936	\$ 29,927,936	\$ 28,776,862	\$ 28,212,610	\$ 26,561,400	\$ 26,040,588	\$ 25,529,988
Miscellaneous	1,155,187	367,157	403,711	409,447	196,181	398,627	469,221	787,264	921,904	854,540
State Sources	38,448,970	37,088,623	34,011,523	31,434,695	29,377,556	28,499,171	28,799,996	26,997,291	27,472,900	25,283,438
Federal Sources	2,764,417	1,624,463	1,740,366	1,873,201	1,882,700	1,876,318	1,921,588	2,027,234	1,953,455	2,117,814
Total Revenue	72,895,069	69,506,738	66,682,095	63,645,279	61,384,373	59,550,978	59,403,385	56,373,189	56,388,847	53,785,760
Expenditures										
Instruction										
Regular Instruction	17,321,742	17,511,687	24,663,799	25,405,427	24,683,107	23,339,868	23,301,716	22,470,813	22,559,889	22,844,284
Special Education Instruction	4,815,981	5,031,007	9,726,740	9,194,687	9,438,002	8,838,763	8,453,506	9,899,547	9,221,704	9,359,371
Other Instruction	2,437,029	2,698,707	3,719,387	1,627,544	1,543,735	1,518,221	1,467,219	1,584,917	1,495,081	1,315,860
School Sponsored Activities and Athletics			1,107,669	730,620	789,243	784,925	763,972	688,135	686,889	717,003
Support Services:										
Student and Instruction Related Services	6,599,657	5,473,833	8,999,755	9,030,881	7,802,026	7,580,929	7,068,404	6,463,319	6,517,635	5,113,841
Attendance and Social Work					37,390	30,874	15,305	15,248	14,676	15,614
Educational Media/School Library					899,325	930,564	833,411	863,719	846,113	793,628
General Administration	1,120,805	1,223,342	1,389,738	1,547,792	3,911,243	1,176,160	1,088,216	1,008,878	1,083,309	1,077,023
School Administrative Services	3,092,624	2,986,725	4,218,644	4,074,970	5,979,368	3,645,694	3,570,962	3,554,869	3,488,786	3,291,172
Central Services	1,094,968	754,699	1,185,922	1,193,911	1,325,535	1,140,193	1,086,019	831,260	966,820	926,381
Plant Operations and Maintenance	5,031,834	5,237,189	6,669,235	6,502,077	1,768,995	6,169,873	6,108,615	6,135,862	5,658,595	6,019,019
Pupil Transportation	1,566,030	1,649,013	1,809,086	1,685,133	1,195,390	1,690,104	1,535,159	1,475,021	1,317,886	1,293,255
Charter Schools	845,941	857,263								
Capital outlay-lease purchase principal	1,400,000	1,370,000	1,350,000	1,325,000	1,305,000					
Capital Outlay	1,700,307	1,036,005	1,450,588	1,374,615	6,844,378	1,378,133	2,667,359	1,007,300	2,356,852	123,583
Total expenditures	71,127,988	67,131,302	66,230,553	63,692,657	67,482,737	58,225,301	57,959,863	55,998,868	56,214,235	52,890,034
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	1,767,072	2,475,435	391,542	(47,378)	(6,098,364)	1,325,677	1,443,522	374,301	174,612	895,746
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)						6,750,000				
Transfers In			349,535	1,760,278	687,818	2,398,880	557,940	1,838,724	442,911	607,881
Transfers Out			(349,535)	(1,760,278)	(687,818)	(2,398,880)	(557,940)	(1,838,724)	(442,911)	(607,881)
Total Other Financing Sources (Uses)						6,750,000				
Net Change in Fund Balances	\$ 1,767,072	\$ 2,475,435	\$ 391,542	\$ (47,378)	\$ (6,098,364)	\$ 8,075,677	\$ 1,443,522	\$ 374,301	\$ 174,612	\$ 895,746
Debt Service as a Percentage of Noncapital Expenditures										

Source: ACFR Schedule B-2
 * Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u>	<u>JR ROTC</u>	<u>Interest on</u> <u>Investments</u>	<u>Athletic</u> <u>Receipts</u>	<u>Prior Year</u> <u>Refunds</u>	<u>IEP</u> <u>Overhead Fee</u>	<u>Miscellaneous</u>	<u>Total</u>
2012			\$ 36,326	\$ 8,266	\$ 40,804	\$ 599,587	\$ 26,350	\$ 711,333
2013			33,519	7,914	55,707	611,579	62,318	771,037
2014	\$ 155,478		21,162	11,550	28,926	501,993	39,136	758,245
2015	295,075		18,300	6,433	28,909		95,813	444,530
2016	274,074		19,224	6,517	6,231		78,400	384,446
2017	73,163		37,410	6,535	26,017		35,081	178,206
2018	32,459		99,918	6,292	102,107		113,109	353,885
2019	63,000		163,227	4,030	28,438		101,792	360,487
2020	62,868		140,808	15,468	15,334		125,650	360,128
2021	40,974	\$ 90,237	32,648	-	14,141		927,279	1,105,279

Source: District Records

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 7,252,000	\$ 692,384,900	\$ 71,551,800	\$ 115,782,200	\$ 11,460,300	\$ 898,431,200	\$ 765,641	\$ 899,196,841	2.869	\$ 1,717,316,350
2013	6,406,600	690,839,750	71,702,300	114,652,600	11,459,300	895,060,550	731,812	895,792,362	2.937	1,709,435,733
2014	6,177,500	687,280,850	71,089,800	114,006,000	11,319,900	889,854,050	533,242	890,387,292	3.076	1,660,550,712
2015	6,466,860	686,905,400	71,131,700	113,336,500	11,319,900	889,160,360	1,713,210	890,873,570	3.201	1,745,799,948
2016	6,264,660	686,893,492	71,359,100	112,410,300	11,319,900	888,247,452	919,144	889,166,596	3.302	1,604,125,196
2017	6,407,760	687,988,442	71,533,980	112,222,800	11,319,900	889,472,882	1,004,390	890,477,272	3.361	1,672,884,487
2018	6,158,960	688,501,292	73,100,830	113,921,100	10,789,400	892,471,582	863,119	893,334,701	3.384	1,741,053,598
2019	9,204,360	688,419,492	71,178,030	113,195,800	10,789,400	892,787,082	820,571	893,607,653	3.416	1,872,659,300
2020	9,816,000	689,565,100	70,090,000	113,195,800	10,883,200	893,550,100	760,273	894,310,373	3.414	1,872,659,300
2021	9,277,400	691,592,850	75,575,200	113,233,700	10,883,200	900,562,350	696,055	901,258,405	3.387	2,199,996,028

Source: District records Tax list summary & Municipal Tax Assessor
 N/A-Information not available

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.

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

b Tax rates are per \$100

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

UNAUDITED

<u>Calendar Year Ended</u> <u>Dec. 31</u>	<u>Local School</u> <u>District</u>	<u>Township of</u> <u>Hillside</u>	<u>County of Union</u>	<u>Total</u>
2012	2.869	3.257	0.952	7.078
2013	2.937	3.193	0.936	7.066
2014	3.076	3.245	0.960	7.281
2015	3.201	3.246	0.950	7.397
2016	3.302	3.191	0.975	7.468
2017	3.361	3.177	1.028	7.566
2018	3.384	3.179	1.049	7.612
2019	3.416	3.184	1.089	7.689
2020	3.414	3.289	1.138	7.841
2021	3.387	3.284	1.216	7.887

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the 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 appending growth adjustments.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Hillside Rlty % Nomura #07852	\$ 14,415,000.00	1	1.60%	*	*	*
USPF VI Hillside Subsidiary LP	5,686,200.00	2	0.63%	*	*	*
HIC Realty Co % Industrial Prop Inc	4,979,700.00	3	0.55%	*	*	*
Vitamin realty Associates, LLC	4,874,000.00	4	0.54%	*	*	*
1441 Chestnut Associates LLC	3,743,700.00	5	0.42%	*	*	*
635 Partners LLC	3,715,300.00	6	0.41%	*	*	*
Hillside Office Park, LLC	3,128,000.00	7	0.35%	*	*	*
AH Realty Estate Company	3,025,500.00	8	0.34%	*	*	*
Amerco Real Estate Company	2,918,200.00	9	0.32%	*	*	*
Wesses LTD	2,765,500.00	10	0.31%	*	*	*
Total	\$ 49,251,100.00		5.46%	\$ -		0.00%

(*) Not Available at time of Audit

Source: Municipal Tax Assessor

TOWNSHIP OF HILLSIDE 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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$25,529,988	\$25,529,988	100.00%	-
2013	25,529,988	25,529,988	100.00%	-
2014	26,040,588	26,040,588	100.00%	-
2015	26,561,400	26,561,400	100.00%	-
2016	28,212,610	28,212,610	100.00%	-
2017	28,776,862	28,776,862	100.00%	-
2018	29,927,936	29,927,936	100.00%	-
2019	29,927,936	29,927,936	100.00%	-
2020	30,526,495	30,526,495	100.00%	-
2021	30,526,495	30,526,495	100.00%	-

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 in the amount voted upon or certified prior to the end of the school year.

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

Fiscal Year Ended June 30,	Governmental Activities				Population ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Total District			
2012	\$	\$	\$ -	21,494	-	
2013				21,494	-	
2014				21,626	-	
2015				21,733	-	
2016		6,750,000.00	6,750,000.00	21,780	310	
2017		5,445,000.00	5,445,000.00	21,818	250	
2018		4,120,000.00	4,120,000.00	21,906	188	
2019		2,770,000.00	2,770,000.00	21,976	126	
2020		1,400,000.00	1,400,000.00	22,054	63	
2021				21,967	-	

Source: District ACFR Schedules I-2

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Total Municipal Assessed Value	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>			
2012						
2013						
2014						
2015						
2016						
2017	NOT APPLICABLE					
2018						
2019						
2020						
2021						

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

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
RATIOS OF 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 Hillside Township	\$ 18,432,820	100.00%	\$ 18,432,820
Other debt Union County	551,314,136	2.69%	<u>14,830,350</u>
Subtotal, overlapping debt			<u>33,263,170</u>
Total direct and overlapping debt			<u>\$ 33,263,170</u>

Sources: Township Chief Financial Officer and 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 Hillside. 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 HILLSIDE SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 80,200,278	\$ 69,831,998	\$ 73,847,923	\$ 66,664,353	\$ 65,567,923	\$ 65,584,697	\$ 67,169,229	\$ 70,251,819	\$ 74,348,953	\$ 80,545,038
Total net debt applicable to limit										
Legal debt margin	\$ 80,200,278	\$ 69,831,998	\$ 73,847,923	\$ 66,664,353	\$ 65,567,923	\$ 65,584,697	\$ 67,169,229	\$ 70,251,819	\$ 74,348,953	\$ 80,545,038
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	2020	2019	2018
Equalized valuation basis	\$ 2,199,237,755	1,994,538,932	1,847,101,187
		[A]	
Average equalized valuation of taxable property	\$ 2,013,625,958	[A/3]	
Debt limit (4% of average equalization value)	\$80,545,038	[B]	
Net bonded school debt	-	[C]	
Legal debt margin	\$ 80,545,038	[B-C]	

Source: Abstract of Rates and District Records ACFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year Ended June 30,</u>	<u>Unemployment Rate (a)</u>	<u>Per Capita Income (b)</u>	<u>Population (c)</u>
2012	14.8%	54,873	21,494
2013	15.4%	55,681	21,626
2014	9.1%	58,571	21,733
2015	7.8%	60,584	21,780
2016	7.0%	61,264	21,818
2017	6.4%	64,413	21,906
2018	6.0%	68,262	21,976
2019	5.3%	65,130	22,054
2020	5.3%	68,313	21,967
2021	13.7%	70,865	21,841

Source:

- (a) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.
- (b) Per capita personal income by municipality estimated based upon the 2001 Census published by the US Bureau of Economic Analysis.
- (c) Population information provided by the NJ Dept. of Labor and Workforce Development.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction	254	234	229	206	202	204	228	229	229	228
Regular	57	57	56	62	61	63	71	71	71	71
Special education										
Other special education										
Support Services:										
Student & instruction related services	52	58	58	75	73	69	75	79	79	81
General administration	4	5	5	4	4	5	5	5	5	4
School administrative services	30	29	30	28	28	27	29	30	32	34
Central services	8	8	8	8	8	8	8	8	8	8
Administrative Information Technology	0	0	0	0	1	1	1	1	1	2
Plant operations and maintenance	70	78	66	75	74	72	69	71	72	65
Pupil transportation	7	11	11	11	9	4	4	4	4	2
Other Support Services	6	6	11	10	9	8				
Food Service	1	1	1	1	1	1	1	1	1	1
Total	488	486	474	477	466	460	489	497	502	496

Source: District Personnel Records

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
2012	3,121	\$52,766,451.00	16,907	-1.09%	295	1:12	1:11	1:9	3,121	2,966	0.58%	95.03%
2013	3,018	53,857,383.00	17,845	5.55%	223	1:19	1:12	1:10	3,018	2,812	-3.30%	93.17%
2014	3,007	55,167,628.00	18,346	2.81%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	0.66%	93.29%
2015	3,084	55,292,489.00	17,929	-2.28%	296	1:11	1:13	1:9	3,084	2,920	1.51%	94.68%
2016	3,041	56,801,012.00	18,678	4.18%	281	1:12	1:12	1:9	3,041	2,869	-1.39%	94.34%
2017	3,106	59,213,457.00	19,064	2.07%	284	1:11	1:12	1:10	3,072	2,898	1.02%	94.34%
2018	3,026	60,897,550.00	20,125	5.56%	276	1:12	1:12	1:10	3,026	2,852	-1.50%	94.25%
2019	3,089	63,419,350.00	20,531	2.02%	285	1:12	1:12	1:10	3,089	2,910	2.08%	94.21%
2020	3,090	66,095,297.47	21,390	4.18%	310	1:12	1:12	1:10	3,090	2,992	0.03%	96.83%
2021	3,198	69,427,690.63	21,710	1.49%	309	1:12	1:12	1:10	3,020	2,869	-2.27%	95.00%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay;
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil represents operating expenditures divided by enrollment.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>Early Learning Center</u>										
A.P. Morris/Early Childhood Center	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Square Feet	775	775	775	775	775	775	775	775	775	775
Capacity	688	644	653	676	642	616	600	639	662	639
Enrollment										
<u>Elementary</u>										
<u>Deanna Taylor Academy</u>										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	153	153	153	153	153	153	153	153	153	153
Enrollment	201	214	204	219	232	224	212	210	233	229
<u>Hurden Looker</u>										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	433	433	433	433	433	433	433	433	433	433
Enrollment	494	423	411	446	489	492	486	465	443	393
<u>Ola Edwards Community School</u>										
Square Feet	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Capacity (students)	330	330	330	330	330	330	330	330	330	330
Enrollment	260	246	217	204	231	247	474	488	437	411
<u>Saybrook</u>										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)										
Enrollment										80
<u>APM Annex</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Middle School</u>										
<u>W.O. Krumbiegel</u>										
Square Feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	660	693	701	712	666	622	410	450	474	476
<u>High School</u>										
<u>Hillside High School</u>										
Square Feet	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	842	798	821	826	801	871	844	837	841	853
<u>Other Administration Building</u>										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
<u>Number of Schools at June 30, 2021</u>										
Early Learning Center -	1									
Elementary -	4									
Middle School -	1									
Senior High School -	1									
Other-	1									
	<u>8</u>									

Source: District records
N/A-Not Applicable

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Deanna Edwards	N/A	\$ 199,272	\$ 47,775	\$ 160,857	\$ 102,334	\$ 71,302	\$ 99,955	\$ 106,508	\$ 110,896	\$ 145,549	\$ 91,029
Hurden Looker	N/A	199,502	116,099	150,071	181,531	107,283	365,129	147,442	175,272	123,229	93,510
Walter Krumbiegel	N/A	300,999	110,384	263,198	230,838	299,243	174,119	225,878	211,894	158,858	261,164
A.P. Morris	N/A	300,242	329,109	131,621	232,576	242,858	328,626	317,806	323,440	216,231	210,750
A.P. Morris Annex	N/A		37,752								
Ola Edwards Community School	N/A	87,000	101,053	121,306	141,403	159,861	94,550	183,004	134,777	125,710	49,114
Hillside High School	N/A	445,000	278,407	402,396	493,899	444,355	500,624	359,771	582,576	395,337	910,999
Saybrook	N/A	47,500	88,486	12,717	22,248	17,692	27,955	37,193	20,029	39,877	13,992
		<u>1,579,515</u>	<u>1,109,065</u>	<u>1,242,166</u>	<u>1,404,829</u>	<u>1,342,594</u>	<u>1,610,958</u>	<u>1,377,602</u>	<u>1,556,884</u>	<u>1,204,791</u>	<u>1,630,558</u>
Other Facilities											
Stadium	N/A	29,000	32,332	3,540	7,203	8,291	28,675	164,468	4,098	8,606	9,601
Administration	N/A	13,000	76,324	19,607	13,441	13,782	14,411	44,378	40,659	14,851	11,881
		<u>42,000</u>	<u>108,656</u>	<u>23,147</u>	<u>20,644</u>	<u>22,073</u>	<u>43,086</u>	<u>208,846</u>	<u>44,757</u>	<u>23,457</u>	<u>21,482</u>
Grand Total		<u>\$ 1,621,515</u>	<u>\$ 1,217,721</u>	<u>\$ 1,265,313</u>	<u>\$ 1,425,473</u>	<u>\$ 1,364,667</u>	<u>\$ 1,654,044</u>	<u>\$ 1,586,448</u>	<u>\$ 1,603,641</u>	<u>\$ 1,228,248</u>	<u>\$ 1,652,040</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
School Package Policy- School Alliance Insurance (SAIF)		
Building and Contents (Blanket Property Limit)	\$ 500,000,000	\$ 2,500.00
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	
Boiler and Machinery Limit	100,000,000	
Educator's Legal Liability	5,000,000	5,000.00
Flood - Zones and A&V	25M/50M	
Flood - All Other Zones	10,000,000	
Earthquake	25,000,000	
Primary Umbrella (Excess of GL & Auto only)	15,000,000	
Excess Umbrella (Excess GL, Auto and E&O)	30,000,000	
Public Employees' Dishonesty	500,000	1,000.00
Western Surety Company:		
Public Employee's Faithful Performance Blanket Position Bond		
Business Administrator - David Eichenholtz	300,000	
United Sates Fire Insurance Company:		
Student Accident - Base	25,000	
Federal Insurance Company:		
Student Accident - CAT	7,500,000	
International Travel:		
Ace American Insurance Company	1,000,000/2,000,000	
Workers Compensation:		
New Jersey Schools Insurance (NJSIG)		
Statutory/Employers	3,000,000	

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SINGLE AUDIT 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

**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
Hillside School District
County of Union
Hillside, New Jersey 07205

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 Hillside School District, in the County of Union, State of New Jersey (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 24, 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 designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted instances of noncompliance that we have reported to the District in a separate Auditor's Management Report on Administrative Finding – Finance and Compliance dated February 24, 2022.

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. 962

February 24, 2022



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

**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
Hillside School District
County of Union
Hillside, New Jersey 07205

Report on Compliance for Each Major Federal and State Program

We have audited the Hillside School District's, in the County of Union, State of New Jersey (the "District") 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 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 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 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 District's compliance.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

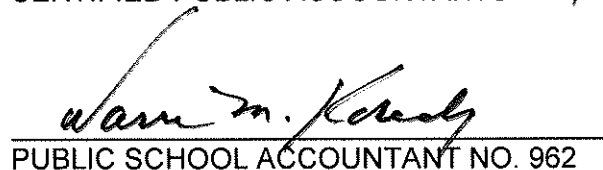
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered District's internal control over compliance with the types 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 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. 962

February 24, 2022

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

FEDERAL AWARD NUMBER	FEDERAL AWARD ID NUMBER	FEDERAL AWARD TITLE	AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE JUNE 30, 2020 (ACTS RECEIVABLE) UNABSORBED	CARRYOVER (WALLOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENTS/ CANCEL PRIOR YEAR CHANGES	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2021 UNEARNED REVENUE	DUE TO GRANTOR
10-555	201N004H1096	U.S. Department of Agriculture Passed-Through State Department of Education: Child Nutrition Cluster Food Distribution Commodities Program	\$111,129.75	7/1/2019	6/30/2020	\$ 6,485.10	\$	\$ 81,294.28	(8,485.10)					\$ 8,485.10	
10-555	211N004H1096	Child Nutrition Cluster Food Distribution Commodities Program	61,294.28	7/1/2020	6/30/2021			461,872.09	(52,899.28)				(76,101.57)		
10-558	211N004H1099	Summer Food Service Program	537,773.66	7/1/2020	6/30/2021			32,202.50							
10-555	201N004H1096	National School Lunch Program - COVID 19	32,498.00	3/13/2020	6/30/2020	(51,268.65)		32,000.00							
10-555	202121H10341	Emergency Operational Cost Program-Schools	123,633.00	7/1/2020	6/30/2021			607,877.37	(123,633.00)				(109,137.50)		6,485.10
10-469	202121H10341	Total Child Nutrition Cluster	3,063.00	7/1/2020	6/30/2021			607,877.37	(123,633.00)				(109,137.50)		6,485.10
		P-E-R-T Administrative Cost Reimbursement				(76,526.00)		607,877.37	(75,766.97)				(202,800.50)		6,485.10
		Total Enterprise Funds													
84-910	S010A180020	Special Education Funds U.S. Department of Education Passed-Through State Department of Education:	684,770.00	7/1/2019	6/30/2020	120,225.89			(7,864.25)					112,261.64	
84-910	S010A000000	Title I	800,822.00	7/1/2020	6/30/2021			490,620.00	(635,184.02)				(44,564.02)		112,261.64
		Total Title I				120,225.89		490,620.00	(643,048.27)				(44,564.02)		112,261.64
84-910	S010A180030	Title I SEA	12,100.00	7/1/2019	6/30/2020	(12,255.00)		12,255.00	(4,650.00)				(4,650.00)		
84-910	S010A000000	Title II	32,422.00	7/1/2020	6/30/2021			12,255.00	(1,025.00)						
		Total Title II				(12,255.00)		12,255.00	(1,025.00)						
84-387	S387A180029	Title IA	117,374.00	7/1/2019	6/30/2020	(60,058.32)			(52,511.86)		76.74		(132,494.64)		76,889.32
84-387	S387A000029	Title IB	242,783.00	7/1/2020	6/30/2021			103,674.00	(27,754.68)				(132,494.64)		76,889.32
		Total Title IA				(60,058.32)		103,674.00	(27,754.68)				(132,494.64)		76,889.32
84-385	S385A180030	Title II	46,778.00	7/1/2019	6/30/2020	4,339.56		3,877.00	(6,295.84)				(696.96)		
84-385	S385A000030	Title III	12,857.00	7/1/2020	6/30/2021	(4,248.00)			(1,600.00)				(1,600.00)		
84-385	S385A000030	Title B (Remigrant)	39,438.00	7/1/2020	6/30/2021			3,877.00	(81.00)				(81.00)		
		Total Title III				83.56		3,877.00	(81.00)				(81.00)		
84-624	S168A180030	Title IV	44,766.00	7/1/2019	6/30/2020	(69,818.23)			(3,000.00)				(69,818.23)		
84-624	S424A000031	Title V	125,101.00	7/1/2020	6/30/2021			14,931.00	(7,337.00)				(7,337.00)		8,990.00
		Total Title V				(69,818.23)		14,931.00	(10,374.00)				(10,374.00)		8,990.00
84-627	H027A180100	Special Education Cluster I.D.E.A. Part B, Basic	830,676.00	7/1/2019	6/30/2020	13,170.00			(831,827.87)					13,170.00	
84-627	H027A200100	I.D.E.A. Part B, Basic	896,256.00	7/1/2020	6/30/2021			830,244.00	(831,827.87)				(76.00)		7,522.13
84-173	H173A180114	I.D.E.A. Part B - Preschool	24,686.00	7/1/2019	6/30/2020	(78.00)									
84-173	H173A000114	I.D.E.A. Part B - Preschool	24,617.00	7/1/2020	6/30/2021			18,543.00						18,543.00	
		Total Special Education Cluster				13,092.00		857,887.00	(831,827.87)				(76.00)		29,055.13
84-625D		Education Stabilization Fund Coronavirus Relief Fund CAREE-ESSERF Total Education Stabilization Fund	618,619.00	3/13/20	6/30/22			548,402.00	(648,144.30)					8,257.70	
		Total U.S. Department of Education				(24,718.30)		2,040,838.00	(2,092,761.57)		76.74		(310,001.87)		249,433.79
21-019		U.S. Department of Treasury Passed-Through State Department of Education: CARE-ESSEF	184,320.00	7/1/2020	10/31/20			107,487.00	(194,143.50)				(8,666.50)		6,873.00
21-019		CPE-Open Choice	6,873.00	7/1/2020	6/30/2021			309,779.00	(208,817.36)					19,343.00	
21-019		CPE-LEA Recipient	309,779.00	8/1/20	6/30/21			504,109.00	(830,062.86)				(8,666.50)		1,734.62
84-625D		Passed-Through County of Union: Corona Virus Relief Fund CAREE-ESSERF Total U.S. Department of Treasury	164,920.00	3/13/20	6/30/22			154,900.00	(184,950.00)				(10,000.00)		7,734.62
		Total Special Revenue Fund				(24,718.30)		2,899,445.00	(2,752,322.40)		76.74		(308,668.37)		261,168.41
83-778	1805A0000P	State/LEAD U.S. Department of Health & Human Services Medical Assistance Prog. (BEH) Total Federal Financial Assistance	23,224.00	7/1/2020	6/30/2021			23,224.00	(23,324.90)						239,653.51
		Total U.S. Department of Health & Human Services						23,224.00	(23,324.90)						239,653.51
		Total Federal Financial Assistance						23,224.00	(23,324.90)						239,653.51

The accompanying notes to schedules are an integral part of this schedule.

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

STATE GRANT OR PROGRAM TITLE State Department of Education Special Funds: State Aid Cluster: Equalization Aid Categorical Special Education Aid Categorical Security Aid	PROJECT NUMBER	GRANT OR STATE AWARD AMOUNT	BALANCE AT JUNE 30, 2020		CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2021	DUE TO GRANTORS	BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
			UNEARNED REVENUE	ACCTS RECEIVABLE										
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	21-495-034-5120-078	\$21,854,098.00	7/1/2020	6/30/2021		19,691,026.00	(21,854,098.00)	(2,172,272.00)					(2,172,272.00)	21,854,098.00
	21-495-034-5120-089	1,827,031.00	7/1/2020	6/30/2021		1,645,426.00	(1,647,031.00)	(161,605.00)					(161,605.00)	1,827,031.00
	21-495-034-5120-084	1,098,465.00	7/1/2020	6/30/2021		981,173.00	(1,089,465.00)	(108,292.00)					(108,292.00)	1,098,465.00
	Total State Aid Cluster:					22,308,425.00	(24,770,594.00)	(2,462,169.00)					(2,462,169.00)	24,770,594.00
	Categorical Transportation Aid	460,771.00	7/1/2020	6/30/2021		414,871.00	(460,771.00)	(45,900.00)					(45,900.00)	460,771.00
	20-495-034-5120-044	832,052.00	7/1/2019	6/30/2020		832,052.00								832,052.00
	21-495-034-5120-044	998,547.00	7/1/2020	6/30/2021			(998,547.00)						(998,547.00)	998,547.00
	On-behalf TPAF Contributors	5,793,438.00	7/1/2020	6/30/2021		5,793,438.00	(5,793,438.00)							5,793,438.00
	NCGI	124,731.00	7/1/2020	6/30/2021		124,731.00								124,731.00
	Long-Term Disability Insurance	3,933.00	7/1/2020	6/30/2018		3,933.00								3,933.00
	Post Retirement Medical	2,093,547.00	7/1/2020	6/30/2018		2,093,547.00								2,093,547.00
	TPAF Social Security Aid	124,731.00	7/1/2019	6/30/2020		90,371.68								124,731.00
	TPAF Social Security Aid	1,894,501.46	7/1/2020	6/30/2021		1,727,279.51	(1,894,501.46)						(167,121.95)	1,894,501.46
	Total General Fund					33,368,848.19	(36,138,262.46)	(2,507,869.00)					(3,671,637.95)	37,094,845.46
	Special Revenue Funds:													
	Advanced Computer Science	44,184.00	1/15/2019	6/30/2020										44,184.00
	20-495-034-5120-085	2,539,998.00	7/1/2019	6/30/2020										2,539,998.00
	Preschool Education Aid/Expansion	3,743,970.00	7/1/2020	6/30/2021		3,371,824.00	(2,193,136.83)	372,146.00			1,550,833.17		(3,677.50)	2,193,136.83
	NJ Nonpublic Aid													
	Technology Aid	7,272.00	7/1/2019	6/30/2020										7,272.00
	20-100-034-5120-373					61.49								61.49
	Textbook Aid	10,848.00	7/1/2020	6/30/2020		1,448.86								1,448.86
	21-100-034-5120-064													
	Textbook Aid	9,652.00	7/1/2020	6/30/2021		8,652.00	(9,608.68)					43.32		9,608.68
	21-100-034-5120-084													
	Security Aid	32,100.00	7/1/2019	6/30/2020		71.50								32,100.00
	20-100-034-5120-959													
	Security Aid	28,350.00	7/1/2020	6/30/2021		28,350.00	(23,850.00)					4,500.00		28,350.00
	21-100-034-5120-959													
	Nursing	20,798.00	7/1/2020	6/30/2021		4,777.57								20,798.00
	20-100-034-5120-070													
	Nursing	16,524.00	7/1/2020	6/30/2021		16,524.00	(6,463.26)					10,060.74		16,524.00
	21-100-034-5120-070													
	Auxiliary Services:													
	English as a Second Language		7/1/2019	6/30/2020										
	20-100-034-5120-067													
	English as a Second Language	6,217.00	7/1/2020	6/30/2021		8,217.00						6,217.00		6,217.00
	21-100-034-5120-067													
	Compensatory Education	107,077.00	7/1/2019	6/30/2020		47,887.16								107,077.00
	20-100-034-5120-067													
	Compensatory Education	103,735.00	7/1/2020	6/30/2021		103,735.00	(7,663.82)					102,071.08		103,735.00
	21-100-034-5120-067													
	Transportation	1,020.00	7/1/2020	6/30/2021		1,117.00	(1,117.00)							1,020.00
	20-100-034-5120-067													
	Transportation	1,117.00	7/1/2020	6/30/2021										1,117.00
	21-100-034-5120-067													
	Handicapped Services:													
	Supplemental Instruction	11,333.00	7/1/2019	6/30/2020		6,499.75								11,333.00
	20-100-034-5120-068													
	Supplemental Instruction	5,666.00	7/1/2020	6/30/2021		5,666.00	(2,428.20)					3,237.80		5,666.00
	21-100-034-5120-068													
	Examination & Classification	16,341.00	7/1/2019	6/30/2020		11,325.25								16,341.00
	20-100-034-5120-068													
	Examination & Classification	8,732.00	7/1/2020	6/30/2021		8,732.00	(8,688.20)					4,043.80		8,732.00
	21-100-034-5120-068													
	Connective Speech	1,786.00	7/1/2019	6/30/2020										1,786.00
	20-100-034-5120-068													
	Connective Speech	4,193.00	7/1/2020	6/30/2021		4,193.00	(3,238.74)					884.26		4,193.00
	21-100-034-5120-068													
	Total Special Revenue Fund					73,981.60	(2,645,238.49)	372,146.00			1,550,833.17	(128,930.00)	(14,486.50)	4,938,904.97

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

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

STATE GRANT OR PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2020		CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2021		MEMO
				(ACCOUNTS RECEIVABLE)	DUE TO GRANITOR						(ACCOUNTS RECEIVABLE)	DUE TO GRANITOR	
Edgemoor Food		14,905.98	7/1/2018	6/30/2020	(4,420.94)		4,420.94						CUMULATIVE TOTAL EXPENDITURES
State School Lunch Program	20-100-010-3850-023				(4,420.94)		4,420.94						14,905.98
Total Enterprise Fund					(4,420.94)		4,420.94						14,905.98
Total State Financial Assistance					(807,252.47)	73,861.60	37,209,278.13	(38,783,300.94)	(2,135,623.00)	(73,861.60)	(1,176,155.45)	128,920.00	42,048,656.41
Less: On-Behalf amounts not utilized for determination of Major Programs:													
On-Behalf TPAF Contributions							5,793,438.00	(5,793,438.00)					
NGSI							124,731.00	(124,731.00)					
Long-Term Disability Insurance							3,893.00	(3,893.00)					
Post Retirement Medical							2,093,547.00	(2,093,547.00)					
Total State Financial Assistance Subject to Single Audit							29,333,620.13	(30,767,651.94)					

The accompanying notes to schedules of financial assistance are an integral part of this schedule.

Township of Hillside 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 Hillside School District. The Board of Education is defined in Note 1 to the District'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 expenditures 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 bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. 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 deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Township of Hillside School District
Union County, New Jersey

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 |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses 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 2 CFR 200.516(a) of the Uniform Guidance? | No |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>CFDA</u>
CARES-ESSERF	84.425D
CARES-Union County	84.425D
CRF-Digital Divide	21.019
CRF-Nonpublic Technology	21.019
CRF-LEA Reopen	21.019

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

Township of Hillside School District
Union County, New Jersey

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)

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

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) 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 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:	
Equalization Aid	495-034-5120-078
Categorical Special Education Aid	495-034-5120-089
Categorical Security Aid	495-034-5120-084
Extraordinary Aid	100-034-5120-473

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$923,029.00
 Type B State Program Threshold <= \$923,029.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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

Internal Control Findings – None Reported

Compliance Findings – None Reported

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

Federal Programs – None Reported

State Programs – None Reported

Township of Hillside School District
Union County, New Jersey

Schedule of Prior Year Audit Findings

Not Applicable

