

**HILLSBOROUGH TOWNSHIP
PUBLIC SCHOOLS**

**Hillsborough Township Public Schools
Hillsborough, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive
Financial Report**

of the

Hillsborough Township School District

Hillsborough, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

**Hillsborough Township School District
Board of Education**

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 1
Organizational Chart 4
Roster of Officials 5
Consultants and Advisors..... 6

FINANCIAL SECTION..... 7

Independent Auditors’ Report..... 8

Required Supplementary Information 12
Management’s Discussion and Analysis 13

Basic Financial Statements (Sections A. and B.)..... 20

A. District-Wide Financial Statements 21
A-1 Statement of Net Position 22
A-2 Statement of Activities..... 23

B. Fund Financial Statements..... 25
B-1 Balance Sheet – Governmental Funds 26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance –
Governmental Funds..... 28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 29
B-4 Statement of Net Position – Proprietary Funds..... 30
B-5 Statement of Revenue, Expenses and Changes in Net
Position – Proprietary Funds 31
B-6 Statement of Cash Flows – Proprietary Funds..... 32

Notes to Basic Financial Statements 33

Required Supplementary Information 73

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits
Other than Pensions 74
L-1 Schedule of District’s Proportionate Share of the Net Pension Liability –
Public Employees Retirement System 74
L-2 Schedule of District Contributions – Public Employees Retirement System 75
L-3 Schedule of State’s Proportionate Share of the Net Pension Liability Attributable to
the District – Teachers’ Pension and Annuity Fund 76
L-4 Schedule of State Contributions – State Teachers’ Pension and Annuity Fund 77
L-5 Schedule of Changes in the District’s Proportionate Share of the Total OPEB Liability
Associated with the District and Related Ratios 78
Notes to Required Supplementary Information 79

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FINANCIAL SECTION (Cont'd)

Other Supplementary Schedules (D.-I.)

C.	Budgetary Comparison Schedules	81
C-1	Budgetary Comparison Schedule – General Fund	82
C-2	Budgetary Comparison Schedule – Special Revenue Fund	94
C-3	Required Supplementary Information – Budget Comparison Schedule – Note to RSI	95
D.	School Level Schedules (Not Applicable)	97
E.	Special Revenue Fund	98
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	99
E-2	Preschool Education Aid Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund	103
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis	104
F-1A	Schedule of Project Revenue, Expenditures, Project Balance and Project Status - High School Turf & Middle School Paving – Budgetary Basis	105
F-1B	Schedule of Project Revenue, Expenditures, Project Balance and Project Status - Various Improvements – All Schools - Budgetary Basis	106
G.	Proprietary Funds	107
Enterprise Fund		
G-1	Combining Statement of Net Position	108
G-2	Combining Statement of Revenue, Expenses, and Changes in Net Position	109
G-3	Combining Statement of Cash Flows	110
H.	Fiduciary Activities (Not Applicable)	111
I.	Long-Term Debt	112
I-1	Schedule of Serial Bonds	113
I-2	Schedule of Obligations Under Financed Purchases	114
I-3	Schedule of Obligations Under Leases	115
I-4	Debt Service Fund Budgetary Comparison Schedule	116

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

STATISTICAL SECTION (UNAUDITED)

J.	Statistical Schedules	117
J-1	Net Position by Component	118
J-2	Changes in Net Position	119
J-3	Fund Balances – Governmental Funds	121
J-4	Changes in Fund Balances – Governmental Funds	122
J-5	General Fund Other Local Revenue by Source	124
J-6	Assessed Value and Actual Value of Taxable Property	125
J-7	Direct and Overlapping Property Tax Rates	126
J-8	Principal Property Taxpayers.....	127
J-9	Property Tax Levies and Collections.....	128
J-10	Ratios of Outstanding Debt by Type	129
J-11	Ratios of Net General Bonded Debt Outstanding.....	130
J-12	Ratios of Overlapping Governmental Activities Debt.....	131
J-13	Legal Debt Margin Information	132
J-14	Demographic and Economic Statistics	133
J-15	Principal Employers.....	134
J-16	Full-Time Equivalent District Employees by Function/Program	135
J-17	Operating Statistics.....	136
J-18	School Building Information	137
J-19	Schedule of Required Maintenance for School Facilities.....	138
J-20	Insurance Schedule	139

SINGLE AUDIT SECTION..... 140

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	141
K-2	Independent Auditor’s Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08.....	143
K-3	Schedule of Federal Awards	146
K-4	Schedule of State Awards	148
K-5	Notes to the Schedules of Federal and State Awards.....	150
K-6	Schedule of Findings and Questioned Costs.....	152
K-7	Summary Schedule of Prior Audit Findings	154

INTRODUCTORY SECTION
(UNAUDITED)



HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

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

December 5, 2022

The Honorable President and Members of
the Board of Education
Hillsborough Township Public Schools
Hillsborough, New Jersey 07853

Dear Board Members and Constituents:

The annual comprehensive financial report of the Hillsborough Township Public Schools (the "District") for the fiscal year ended June 30, 2022, 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 Hillsborough Township Public Schools Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

1) REPORTING ENTITY AND ITS SERVICES:

The Hillsborough Township Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hillsborough Township Public Schools and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education students with disabilities.

2) ECONOMIC CONDITION AND OUTLOOK:

The Hillsborough School District is in the middle of significant State aid reductions that will continue through the 2024-25 Fiscal Year. The Hillsborough Township ratable base continues on a flat to slight incline. The District's enrollment continues to be on a downward trend. The Board has two bargaining units, the Hillsborough Education Association (HEA) and the Hillsborough Principals and Supervisors Association (HPSA). The District's largest bargaining unit, The Hillsborough Education Association's (HEA) has a settled contract through the 2024-25 school year and its Administrator unit, The Hillsborough Principals and Supervisors Association (HPSA) contract expires at the end of the 2022-23 School Year.

3) MAJOR INITIATIVES:

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

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

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted by the Board of Education, after initial approval by the New Jersey State Department of Education and holding a public hearing for the local taxpayers, 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. All budget amendments are approved as necessary by the Board of Education.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2022.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) OTHER INFORMATION:

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

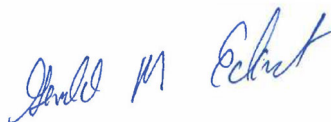
8) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hillsborough Township Public Schools 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 the financial and accounting staff.

Respectfully submitted,

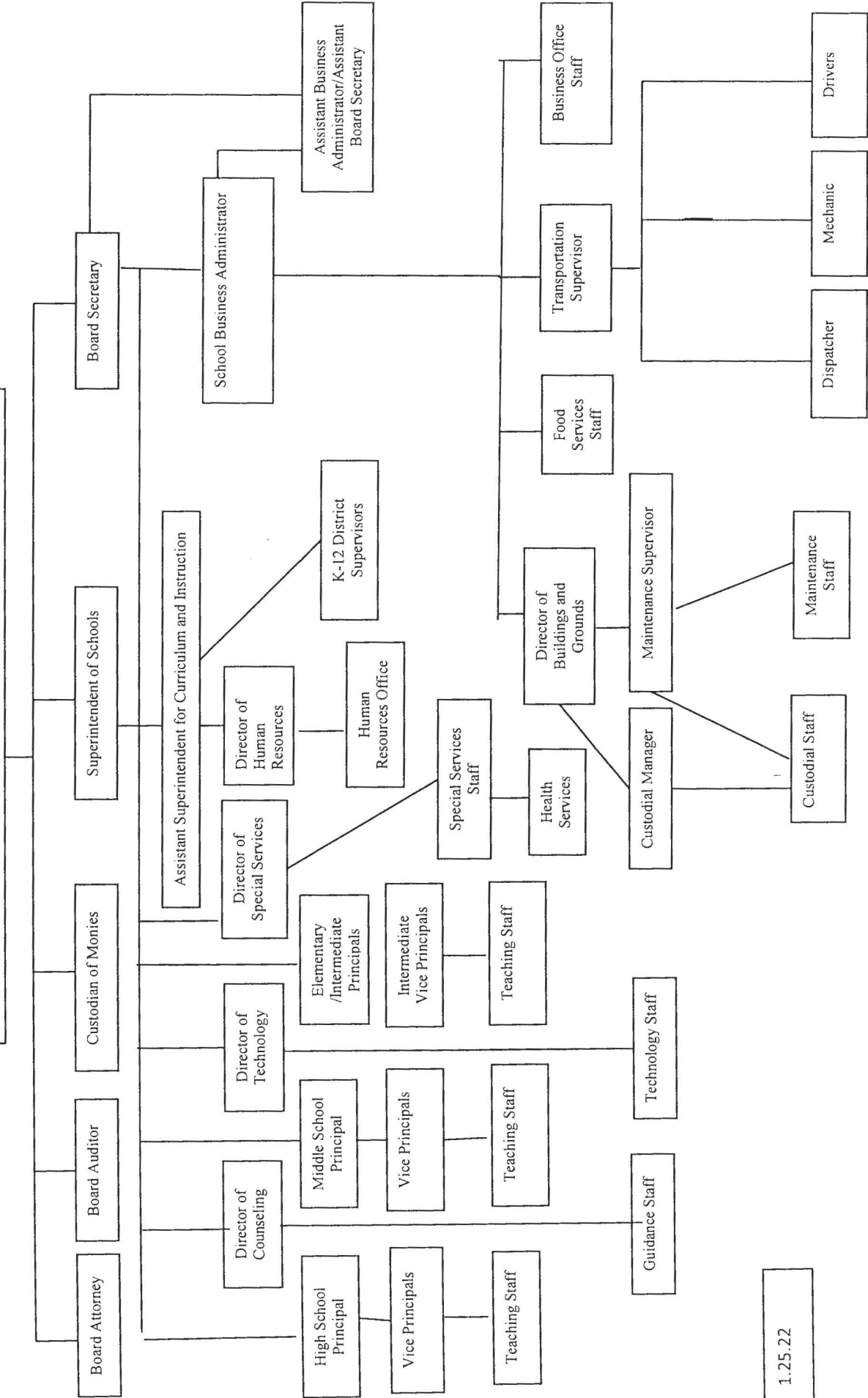


Dr. Daniel Fishbein
Interim Superintendent of Schools



Gerald M. Eckert
Business Administrator

Hillsborough Township Board of Education



1.25.22

**HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paul Marini, President	2023
John Oliver, Vice President	2022
Cynthia DeCavalcante-Nurse	2023
Gregory Gillette	2022
Elaine Jackson	2024
Benjamin Kidd	2023
Allison Laning-Beder	2024
James Rue	2022
Jean Trujillo	2022

OTHER OFFICIALS

TITLE

Dr. Lisa Antunes	Superintendent of Schools (Through 12/20/2021)
Dr. Kim Feltre	Acting Superintendent of Schools (Effective 12/21/2021)
Aiman Mahmoud	School Business Administrator/Board Secretary (Through 12/20/2021)
Paul Roth	Acting School Business Administrator/Board Secretary (Effective 12/21/2021 through 2/28/2022)
Gerald M. Eckert	School Business Administrator/Board Secretary (Effective 3/1/2022)

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
Consultants and Advisors

Audit Firm

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

Attorney

Fogarty & Hara
21-00 Route 208 South, Suite 301
Fair Lawn, NJ 07410

Architect of Record

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Official Depository

TD Bank
380 US-206
Hillsborough, NJ 08844

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hillsborough Township Public Schools (the “District”), in the County of Somerset, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to Qualified Opinion

The District’s note disclosure on postemployment benefits other than pensions (OPEB) (Note 18) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan (“SHBP”) has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey (the “Division”), as of the date of this report. The District is in a “special funding situation” in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District’s net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. Our opinions are not modified with respect to this matter.

The financial statements of the District as of June 30, 2021 were audited by other auditors whose report dated February 9, 2022 expressed an adverse opinion on the governmental activities, business-type activities, and proprietary fund (food service) financial statements as management did not provide an accurate capital asset accounting record or an updated compensated absences records and as a result, capital assets, net investment in capital assets, depreciation expense, compensated absences liability, and compensated absence expense were not presented fairly. The financial statements included an unmodified opinion on the general, special revenue, capital projects, and debt service funds financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are 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.

The Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios (Exhibit L-5) do not contain the June 30, 2021 OPEB information as the related GASB No. 75 report for SHBP has not been released by the State as of the date of this report. The District is in a "special funding situation" in that the OPEB contributions, expenses and related liability are the sole responsibility of the State of New Jersey, not the District and therefore does not affect the District's net position. An estimated release date for the June 30, 2021 OPEB information has not been announced by the Division. This required supplementary information is required to be presented to supplement the basic financial statements in accordance with accounting principles generally accepted in the United States of America. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary 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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

The Honorable President and Members
of the Board of Education
Hillsborough Township Public Schools
Page 4

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

December 5, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of Hillsborough Township Public Schools’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of Hillsborough Township Public Schools’s Financial Report**

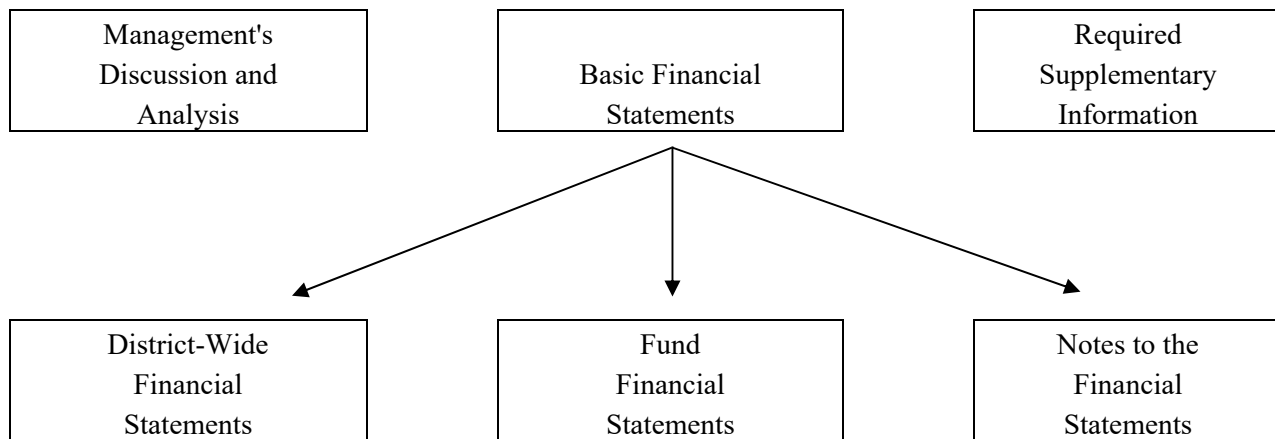


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

Net position. The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a school’s financial position.

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21*	2021/22	2020/21	2021/22	2020/21*	2021/22
Current and							
Other Assets	\$ 23,842,541	\$ 36,841,796	\$ 1,993,086	\$ 734,153	\$ 25,835,627	\$ 37,575,949	
Capital Assets, Net	107,375,657	84,740,211	221,508	130,138	107,597,165	84,870,349	
Lease Assets, Net	3,199,866	4,379,297			3,199,866	4,379,297	
Total Assets	<u>134,418,064</u>	<u>125,961,304</u>	<u>2,214,594</u>	<u>864,291</u>	<u>136,632,658</u>	<u>126,825,595</u>	7.73%
Deferred Outflows of Resources	<u>2,734,199</u>	<u>4,537,767</u>			<u>2,734,199</u>	<u>4,537,767</u>	-39.75%
Other Liabilities	6,788,185	3,115,105	384,053	388,555	7,172,238	3,503,660	
Long-Term Liabilities							
Outstanding	<u>66,220,685</u>	<u>82,042,424</u>			<u>66,220,685</u>	<u>82,042,424</u>	
Total Liabilities	<u>73,008,870</u>	<u>85,157,529</u>	<u>384,053</u>	<u>388,555</u>	<u>73,392,923</u>	<u>85,546,084</u>	-14.21%
Deferred Inflows of Resources	<u>11,958,012</u>	<u>10,301,780</u>			<u>11,958,012</u>	<u>10,301,780</u>	16.08%
Net Position:							
Net Investment in							
Capital Assets	59,835,556	34,102,808	221,508	130,138	60,057,064	34,232,946	
Restricted	19,006,566	32,028,595			19,006,566	32,028,595	
Unrestricted/(Deficit)	<u>(26,656,741)</u>	<u>(31,091,641)</u>	<u>1,609,033</u>	<u>345,598</u>	<u>(25,047,708)</u>	<u>(30,746,043)</u>	
Total Net Position	<u>\$ 52,185,381</u>	<u>\$ 35,039,762</u>	<u>\$ 1,830,541</u>	<u>\$ 475,736</u>	<u>\$ 54,015,922</u>	<u>\$ 35,515,498</u>	52.09%

* Restated

The District’s financial position is the product of financial transactions including the net results of activities, the acquisition and payment of bonded and long-term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Changes in Net Position. The District’s combined net position was \$54,015,922 on June 30, 2022, \$18,500,422 or 52.09% more than it was the year before (See Figure A-3). The net position of the governmental activities increased \$17,145,619 and the net position of the business-type activities increased \$1,354,805 (See Figure A-4).

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

	Governmental Activities 2021/22	Business-Type Activities 2021/22	Total School District 2021/22	Governmental Activities 2020/21	Business-Type Activities 2020/21	Total School District 2020/21	Percentage Change 2021/22
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,306,725	\$ 814,701	\$ 2,121,426	\$ 480,707	\$ 40,693	\$ 521,400	
Operating Grants and Contributions	37,516,665	4,239,636	41,756,301	46,216,833	2,771,523	48,988,356	
General Revenue:							
Property Taxes	104,342,388		104,342,388	102,530,303		102,530,303	
Unrestricted State and Federal Aid	18,215,674		18,215,674	25,000,176		25,000,176	
Other	1,163,605		1,163,605	952,065		952,065	
Total Revenue	<u>162,545,057</u>	<u>5,054,337</u>	<u>167,599,394</u>	<u>175,180,084</u>	<u>2,812,216</u>	<u>177,992,300</u>	-5.84%
Expenses:							
Instruction	89,231,641		89,231,641	110,596,249		110,596,249	
Pupil and Instruction Services	22,942,631		22,942,631	27,406,252		27,406,252	
Administrative and Business	11,694,835		11,694,835	10,472,591		10,472,591	
Maintenance and Operations	10,159,497		10,159,497	10,570,115		10,570,115	
Pupil Transportation	10,316,670		10,316,670	7,327,551		7,327,551	
Other	1,054,164	3,699,532	4,753,696	731,906	2,242,414	2,974,320	
Total Expenses	<u>145,399,438</u>	<u>3,699,532</u>	<u>149,098,970</u>	<u>167,104,664</u>	<u>2,242,414</u>	<u>169,347,078</u>	-11.96%
Increase (Decrease) in Net Position	<u>\$ 17,145,619</u>	<u>\$ 1,354,805</u>	<u>\$ 18,500,424</u>	<u>\$ 8,075,420</u>	<u>\$ 569,802</u>	<u>\$ 8,645,222</u>	114.00%

Governmental Activities

The financial position of the District improved. However, maintaining existing programs and the provision of a multitude of special programs and services for disabled students places great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/continued during the year were:

- Use of federal funds for tuition and related service costs.
- Continued emphasis on safety initiatives resulted in significant dividends received from the District's workers' compensation insurance pool due to positive prior claim experience and past pool net position.
- Employee contributions to offset increasing health benefit premium costs.
- Energy and process reviews in the area of custodial operations to determine cost saving potential were enhanced.

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021/22	2020/21	2021/22	2020/21
Instruction	\$ 89,231,641	\$ 110,596,249	\$ 53,443,792	\$ 72,578,372
Pupil and Instruction Services	22,942,631	27,406,252	22,159,640	20,466,281
Administrative and Business	11,694,835	10,472,591	10,492,259	9,587,565
Maintenance and Operations	10,159,497	10,570,115	10,159,497	9,921,035
Transportation	10,316,670	7,327,551	9,266,696	7,121,965
Other	1,054,164	731,906	1,054,164	731,906
	<u>\$ 145,399,438</u>	<u>\$ 167,104,664</u>	<u>\$ 106,576,048</u>	<u>\$ 120,407,124</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$1,354,803. (Refer to Figure A-4). Factors contributing to this result were:

- Revenues exceeded expenses in the Food Service Fund by \$1,354,803 due to the District’s participation in the Seamless Summer Option meal program. Additionally, there was an interfund between the Food Service Fund and the Summer Enrichment fund of \$5,675 which resulted in a net difference of \$-0- overall in the business-type activities

Financial Analysis of the District’s Funds

The District’s financial position improved overall despite significant changes in the student clientele and continued challenges from economic conditions as well as state and federal mandates. Expenditures related to special needs children have increased due to additional students requiring related services and material needs and the intensity as to which those services and materials are required to serve the individualized needs of the students. Salaries of staff have been increased by prior year negotiated agreements. Fund balance in the General Fund increased primarily as a result of transfers of Capital Reserve to the Debt Service Fund, offset by conservative budgeting principles utilized by the District.

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Construction in Progress	\$ 34,985,868	\$ 19,322,209			\$ 34,985,868	\$ 19,322,209	
Land Improvements	1,577,575	1,734,987			1,577,575	1,734,987	
Buildings and Building Improvements	67,582,201	60,324,892			67,582,201	60,324,892	
Furniture, Machinery and Equipment	<u>3,230,013</u>	<u>3,358,123</u>	<u>\$ 221,508</u>	<u>\$ 130,140</u>	<u>3,451,521</u>	<u>3,488,263</u>	
Total	<u>\$ 107,375,657</u>	<u>\$ 84,740,211</u>	<u>\$ 221,508</u>	<u>\$ 130,140</u>	<u>\$ 107,597,165</u>	<u>\$ 84,870,351</u>	26.78%

Long-term Liabilities

At year-end, the District had \$2,565,000 in general obligation bonds outstanding – a reduction of \$1,320,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the Basic Financial Statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Total
	2021/22	2020/21*	Percentage Change
General Obligation Bonds (Financed with Property Taxes)	\$ 35,416,000	\$ 37,136,000	
Obligations Under Financed Purchases	12,290,480	13,531,528	
Leases Payable	3,033,488	4,349,173	
Net Pension Liability	16,332,081	23,955,743	
Compensated Absences Payable	3,118,356	3,069,980	
	<u>\$ 70,190,405</u>	<u>\$ 82,042,424</u>	-14.45%

* - Restated

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

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

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year has severely impacted our ability to maintain and improve our facilities. In addition, the limitation of unassigned fund balance to 2% of expenditures reduces the District’s ability to respond to emergent conditions and limits the use of fund balance in future budgets.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 379 South Branch Road, Hillsborough, New Jersey 08844.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 13,571,339	\$ 1,609,136	\$ 15,180,475
Internal Balances	(38,014)	38,014	
Receivables from Other Governments	2,658,476	304,973	2,963,449
Other Accounts Receivable	86,136		86,136
Inventory		40,963	40,963
Restricted Assets - Cash and Cash Equivalents	7,564,604		7,564,604
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	107,375,657	221,508	107,597,165
Lease Assets, net	3,199,866		3,199,866
Total Assets	<u>134,418,064</u>	<u>2,214,594</u>	<u>136,632,658</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
District Contribution Subsequent to the Measurement Date - Pensions	1,830,660		1,830,660
Deferred Outflows of Resources Related to Pensions	903,539		903,539
Total Deferred Outflows of Resources	<u>2,734,199</u>		<u>2,734,199</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	311,117		311,117
Accounts Payable	2,252,205		2,252,205
Payable to Federal and State Governments	15,853		15,853
Unearned Revenue	239,291	384,053	623,344
Noncurrent Liabilities:			
Due Within One Year	3,969,719		3,969,719
Due Beyond One Year	66,220,685		66,220,685
Total Liabilities	<u>73,008,870</u>	<u>384,053</u>	<u>73,392,923</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources Related to Pensions	11,958,012		11,958,012
Total Deferred Inflows of Resources	<u>11,958,012</u>		<u>11,958,012</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	59,835,556	221,508	60,057,064
Restricted for:			
Capital Projects	6,256,229		6,256,229
Debt Service	241,332		241,332
Excess Surplus	9,066,230		9,066,230
Maintenance Reserve	2,235,122		2,235,122
Unemployment Compensation	367,081		367,081
Student Activities	840,572		840,572
Unrestricted (Deficit)	(26,656,741)	1,609,033	(25,047,708)
Total Net Position	<u>\$ 52,185,381</u>	<u>\$ 1,830,541</u>	<u>\$ 54,015,922</u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 89,231,641	\$ 523,734	\$ 35,264,115	\$ (53,443,792)		\$ (53,443,792)
Support Services:						
Tuition	2,040,288			(2,040,288)		(2,040,288)
Student & Instruction Related Services	20,902,343	782,991		(20,119,352)		(20,119,352)
General Administrative Services	2,127,668			(2,127,668)		(2,127,668)
School Administrative Services	6,376,475		1,202,576	(5,173,899)		(5,173,899)
Central Services	1,762,932			(1,762,932)		(1,762,932)
Administrative Information Technology	1,427,760			(1,427,760)		(1,427,760)
Plant Operations and Maintenance	10,159,497			(10,159,497)		(10,159,497)
Pupil Transportation	10,316,670		1,049,974	(9,266,696)		(9,266,696)
Interest on Long-Term Debt	768,069			(768,069)		(768,069)
Transfer of Funds to Charter Schools	286,095			(286,095)		(286,095)
Total Governmental Activities	145,399,438	1,306,725	37,516,665	(106,576,048)		(106,576,048)

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 3,529,030	\$ 644,199	\$ 4,239,636		\$ 1,354,805	\$ 1,354,805
Summer Enrichment	170,502	170,502				
Total Business-Type Activities	3,699,532	814,701	4,239,636		1,354,805	1,354,805
Total Primary Government	\$ 149,098,970	\$ 2,121,426	\$ 41,756,301	\$ (106,576,048)	1,354,805	(105,221,243)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				102,283,501		102,283,501
Taxes Levied for Debt Service				2,058,887		2,058,887
Federal and State Aid not Restricted				18,215,674		18,215,674
Miscellaneous Income				1,163,605		1,163,605
Total General Revenue				123,721,667		123,721,667
Change in Net Position				17,145,619	1,354,805	18,500,424
Net Position - Beginning (Restated)				35,039,762	475,736	35,515,498
Net Position - Ending				\$ 52,185,381	\$ 1,830,541	\$ 54,015,922

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

FUND FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 11,195,607		\$ 2,362,132	\$ 13,600	\$ 13,571,339
Interfund Receivable	699,477			227,732	
Receivables:					
State Government	1,683,653				1,683,653
Federal Government		\$ 974,823			974,823
Other	84,697	1,439			86,136
Restricted Cash and Cash Equivalents	6,724,032	840,572			7,564,604
Total Assets	\$ 20,387,466	\$ 1,816,834	\$ 2,362,132	\$ 241,332	\$ 23,880,555
 LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 399,904	\$ 21,641			\$ 421,545
Interfund Payable	38,014	699,477	\$ 227,732		
Payable to State Government		15,853			15,853
Unearned Revenue		239,291			239,291
Total Liabilities	437,918	976,262	227,732		676,689
Fund Balances:					
Restricted for:					
Capital Reserve Account	\$ 4,121,829				\$ 4,121,829
Maintenance Reserve Account	2,235,122				2,235,122
Capital Projects Fund			2,134,400		2,134,400
Debt Service				\$ 241,332	241,332
Excess Surplus	4,533,115				4,533,115
Excess Surplus -					
Subsequent Year's Expenditures	4,533,115				4,533,115
Unemployment Compensation	367,081				367,081
Student Activities		\$ 840,572			840,572
Assigned:					
Year End Encumbrances	1,550,237				1,550,237
Unassigned	2,609,049				2,609,049
Total Fund Balances	19,949,548	840,572	2,134,400	241,332	23,165,852
Total Liabilities and Fund Balances	\$ 20,387,466	\$ 1,816,834	\$ 2,362,132	\$ 241,332	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)

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

Total Fund Balance from previous page	\$ 23,165,852
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	107,375,657
Long-term liabilities, such as bonds payable, leases, financed purchases payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(53,858,323)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(16,332,081)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	903,539
Deferred Inflows	(11,958,012)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(311,117)
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	3,199,866
Net Position of Governmental Activities (Exhibit A-1)	\$ 52,185,381

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 102,283,501			\$ 2,058,887	\$ 104,342,388
Tuition Charges	523,734				523,734
Unrestricted Miscellaneous Revenue	776,593				776,593
Restricted Miscellaneous Revenue	387,012	\$ 809,136			1,196,148
Total - Local Sources	103,970,840	809,136		2,058,887	106,838,863
State Sources	55,086,337	57,510		740,305	55,884,152
Federal Sources	39,348	2,530,959			2,570,307
Total Revenue	159,096,525	3,397,605		2,799,192	165,293,322
EXPENDITURES					
Current:					
Regular Instruction	35,437,189	958,578			36,395,767
Special Education Instruction	12,243,533	1,656,036			13,899,569
Other Special Instruction	5,314,727				5,314,727
Other Instruction	1,430,926				1,430,926
Support Services and Undistributed Costs:					
Tuition	2,040,288				2,040,288
Student & Instruction Related Services	18,063,628	680,951			18,744,579
General Administrative Services	1,705,902				1,705,902
School Administrative Services	4,319,823				4,319,823
Central Services	1,596,251				1,596,251
Administrative Information Technology	769,529				769,529
Plant Operations and Maintenance	10,177,411				10,177,411
Pupil Transportation	9,621,521				9,621,521
Unallocated Benefits	51,274,554				51,274,554
Debt Service:					
Principal				1,720,000	1,720,000
Interest and Other Charges				1,079,192	1,079,192
Capital Outlay	2,527,135		\$ 15,187,681		17,714,816
Transfer of Funds to Charter Schools	286,095				286,095
Total Expenditures	156,808,512	3,295,565	15,187,681	2,799,192	178,090,950
Excess/(Deficiency) of Revenue over/(under) Expenditures	2,288,013	102,040	(15,187,681)		(12,797,628)
Fund Balance - July 1	17,661,535	738,532	17,322,081	241,332	35,963,480
Fund Balance - June 30	\$ 19,949,548	\$ 840,572	\$ 2,134,400	\$ 241,332	\$ 23,165,852

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (12,797,628)

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

Capital outlays related to capital assets are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deletions, net of accumulated depreciation differs from capital outlays in the period.

	Depreciation Expense	\$ (3,308,120)	
	Deletions	(36,206)	
Capital Asset Additions, net of accumulated depreciation		25,979,772	22,635,446

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (48,376)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,720,000

Capital outlays related to lease assets are reported in Governmental Funds as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

	Amortization Expense	(1,179,431)	
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Repayment of financed purchases leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,241,048

Repayment of leases is an expenditure in the Governmentals Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 1,315,685

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 311,123

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

Change in Net Pension Liability		7,623,662	
Changes in Deferred Inflows		(1,656,232)	
Changes in Deferred Outflows		(2,019,678)	
		(2,019,678)	

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 17,145,619

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Major Funds</u>		<u>Total</u>
	<u>Summer Enrichment</u>	<u>Food Service</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 303,624	\$ 1,305,512	\$ 1,609,136
Accounts Receivable:			
State		5,060	5,060
Federal		299,913	299,913
Interfund Receivable		38,014	38,014
Inventories		40,963	40,963
Total Current Assets	<u>303,624</u>	<u>1,689,462</u>	<u>1,993,086</u>
Non-Current Assets			
Machinery and Equipment		870,644	870,644
Less: Accumulated Depreciation		<u>(649,136)</u>	<u>(649,136)</u>
Total Non-Current Assets		<u>221,508</u>	<u>221,508</u>
Total Assets	<u>303,624</u>	<u>1,910,970</u>	<u>2,214,594</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	<u>216,583</u>	<u>167,470</u>	<u>384,053</u>
Total Liabilities	<u>216,583</u>	<u>167,470</u>	<u>384,053</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		221,508	221,508
Unrestricted	<u>87,041</u>	<u>1,521,992</u>	<u>1,609,033</u>
Total Net Position	<u>\$ 87,041</u>	<u>\$ 1,743,500</u>	<u>\$ 1,830,541</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND BALANCE
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Funds		Total
	Summer Enrichment	Food Service	
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 644,199	\$ 644,199
Miscellaneous Revenue - Summer Enrichment	\$ 170,502		170,502
Total operating revenue	170,502	644,199	814,701
Operating expenses:			
Cost of Sales (Reimbursable) Programs		239,022	239,022
Cost of sales (Non-Reimbursable) Programs		1,216,577	1,216,577
Salaries	62,529	1,034,464	1,096,993
Employee Benefits	5,638	290,472	296,110
Purchased Professional/Technical Services	9,805	138,548	148,353
Other Purchased Services	79,054	108,830	187,884
Supplies and Materials	13,476	58,918	72,394
Management Fee		238,197	238,197
Miscellaneous		171,582	171,582
Depreciation		32,420	32,420
Total Operating Expenses	170,502	3,529,030	3,699,532
Operating (Loss)		(2,884,831)	(2,884,831)
Non-Operating Revenue:			
State Sources:			
State school lunch program		72,480	72,480
Federal Sources:			
National school lunch program		3,086,830	3,086,830
National school breakfast program		960,782	960,782
Food distribution program		119,544	119,544
Total Non-Operating Revenue		4,239,636	4,239,636
Change in net position before other item		1,354,805	1,354,805
Other Items:			
Other item - Cancellation of Prior Year Interfund Payable	(5,675)	5,675	
Total Other Items	(5,675)	5,675	
Change in Net Position	(5,675)	1,360,480	1,354,805
Net Position - Beginning of Year	92,716	383,020	475,736
Net Position - End of Year	\$ 87,041	\$ 1,743,500	\$ 1,830,541

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Funds		Total
	Summer Enrichment	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 215,200	\$ 644,199	\$ 859,399
Payments to Employees	(68,167)	(1,324,936)	(1,393,103)
Payments to Suppliers	(102,335)	(2,068,355)	(2,170,690)
Net Cash Provided by/(Used for) Operating Activities	44,698	(2,749,092)	(2,704,394)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(123,788)	(123,788)
Net Cash (Used for) Capital and Related Financing Activities		(123,788)	(123,788)
Cash Flows from Non-Capital Financing Activities:			
Cash Received from State Reimbursements		81,362	81,362
Cash Received from Federal Reimbursements		4,046,769	4,046,769
Net Cash Provided by Non-Capital Financing Activities		4,128,131	4,128,131
Net Increase in Cash and Cash Equivalents	44,698	1,255,251	1,299,949
Cash and Cash Equivalents, July 1	258,926	50,261	309,187
Cash and Cash Equivalents, June 30	\$ 303,624	\$ 1,305,512	\$ 1,609,136
Reconciliation of of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)		\$ (2,884,831)	\$ (2,884,831)
Adjustment to Reconcile Operating (Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		32,420	32,420
Federal Food Distribution Program		119,544	119,544
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable		3,082	3,082
Decrease in Inventory		29,893	29,893
Increase/(Decrease) in Unearned Revenue	\$ 44,698	(49,200)	(4,502)
Net Cash Provided by/(Used for) Operating Activities	\$ 44,698	\$ (2,749,092)	\$ (2,704,394)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$112,094 and utilized \$119,544 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2022.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

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

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

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

Special Revenue Fund: The Special Revenue Fund is used to account for and report on 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.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of state aid. The State is recording the last two state aid payments in the subsequent fiscal year for the General Fund, as detailed more fully in Note 1R.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 159,025,930	\$ 3,688,373
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		(290,768)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,350,953	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(2,280,358)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 159,096,525</u>	<u>\$ 3,397,605</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 156,808,512	\$ 3,586,333
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(290,768)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 156,808,512</u>	<u>\$ 3,295,565</u>

E. Cash and Cash Equivalents, and Investments:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

H. Encumbrances: (Cont'd)

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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

K. Capital Assets:

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Long Term Liabilities:

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

N. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2022.

O. Compensated Absences:

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

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

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

P. Leases Payable:

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. Net unearned revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

R. Fund Balance Appropriated:

General Fund: Of the \$19,949,548 General Fund fund balance at June 30, 2022, \$1,550,237 is assigned for encumbrances; \$2,235,122 is restricted in the maintenance reserve account; \$4,121,829 is restricted in the capital reserve account; \$367,081 is restricted for unemployment compensation; \$4,533,115 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2023; \$4,533,115 is restricted for current year excess surplus and will be appropriated and included as anticipated revenue for the year ending June 30, 2024; and \$2,609,049 is unassigned, which is \$2,280,358 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: Special Revenue Fund fund balance at June 30, 2022 of \$840,572 is restricted for student activities.

Capital Projects Fund: The \$2,134,400 of Capital Projects Fund fund balance at June 30, 2022 is restricted.

Debt Service Fund: Debt Service Fund fund balance at June 30, 2022 of \$241,332 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District did have excess surplus at June 30, 2022.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$2,280,358 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

S. Deficit Net Position:

The District had a deficit in unrestricted net position of \$26,543,498 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the assigned and unassigned governmental fund balances at June 30, 2022. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

T. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2022 related to pensions, and the District had deferred outflows of resources at June 30, 2022 for the deferred amount on the refunding of school bonds.

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

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

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

U. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District did not have committed resources at June 30, 2022.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

U. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2022.

V. Revenue - Exchange and Nonexchange Transactions:

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

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

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

W. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the proprietary funds. For the School District, this revenue is sales for food service, and charges and fees for summer enrichment. Operating expenses are necessary costs incurred to provide the service that is the primary activity of each proprietary fund.

X. Management Estimates:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Y. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed in the section of this Note for Investments.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.); ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Investments: (Cont'd)

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents				Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation	Student Activities	
Checking and Savings Accounts	\$ 15,180,475	\$ 4,121,829	\$ 2,235,122	\$ 367,081	\$840,572	<u>\$ 22,745,079</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2022 was \$22,745,079. The bank balance was \$27,398,393.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hillsborough Township Public Schools Board of Education 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 or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance - July 1, 2021		\$ 4,060,472
Increased by		
Return of Unexpended Funds From Completed Project	\$ 11,550	
Transfer by Board Resolution - June 2022	<u>2,762,142</u>	
		<u>2,773,692</u>
		6,834,164
Decreased by:		
Withdrawal by Board Resolution to Capital Outlay		2,112,335
Budgeted Withdrawal from Capital Reserve		<u>600,000</u>
Ending Balance - June 30, 2022		<u>\$ 4,121,829</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2022 LRFP balance of local support costs of uncompleted capital projects at June 30, 2022 is equal to or greater than \$4,121,829. Withdrawals from the Capital Reserve Account were for use in the DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance.

These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities.

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance - July 1, 2021	\$ 2,235,122
Ending Balance - June 30, 2022	\$ 2,235,122

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$2,712,335 to the capital outlay accounts for purchases of construction services, for which they received County Superintendent approval.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7: CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 19,322,209	\$ 15,187,681	\$ 475,978	\$ 34,985,868
Total Capital Assets Not Being Depreciated	<u>19,322,209</u>	<u>15,187,681</u>	<u>475,978</u>	<u>34,985,868</u>
Capital Assets Being Depreciated:				
Land Improvements	5,194,177			5,194,177
Buildings and Building Improvements	117,521,361	10,126,325	(475,978)	127,171,708
Machinery and Equipment	6,073,891	665,766	(40,892)	6,698,765
Total Capital Assets Being Depreciated	<u>128,789,429</u>	<u>10,792,091</u>	<u>(516,870)</u>	<u>139,064,650</u>
Governmental Activities Capital Assets	<u>148,111,638</u>	<u>25,979,772</u>	<u>(40,892)</u>	<u>174,050,518</u>
Less Accumulated Depreciation for:				
Land Improvements	(3,459,190)	(157,412)		(3,616,602)
Buildings and Building Improvements	(57,196,469)	(2,393,038)		(59,589,507)
Machinery and Equipment	(2,715,768)	(757,670)	4,686	(3,468,752)
	<u>(63,371,427)</u>	<u>(3,308,120)</u>	<u>4,686</u>	<u>(66,674,861)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 84,740,211</u>	<u>\$ 22,671,652</u>	<u>\$ (36,206)</u>	<u>\$ 107,375,657</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 746,856	\$ 123,788		\$ 870,644
Less Accumulated Depreciation	(616,716)	(32,420)		(649,136)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 130,140</u>	<u>\$ 91,368</u>	<u>\$ -0-</u>	<u>\$ 221,508</u>

The District expended \$15,187,681 towards construction projects in progress in the Capital Projects Fund and \$10,792,091 for improvements and equipment from the General Fund capital outlay accounts during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,540,300
Student and Instruction Related Services	73,313
General Administration Services	333,645
School Administration Services	18,122
Administrative Information Technology	16,760
Operations and Maintenance of Plant	102,661
Student Transportation	223,319
	<u>\$ 3,308,120</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2022 were as follows:

	(Restated) Beginning Balance	Increases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>
Governmental Activities:			
Lease Assets Being Amortized:			
Machinery and Equipment	\$ 6,556,767		\$ 6,556,767
Total Lease Assets Being Amortized	<u>6,556,767</u>		<u>6,556,767</u>
Governmental Activities Lease Assets	<u>6,556,767</u>		<u>6,556,767</u>
Less Accumulated Amortization for:			
Machinery and Equipment	(2,177,470)	\$(1,179,431)	(3,356,901)
	<u>(2,177,470)</u>	<u>(1,179,431)</u>	<u>(3,356,901)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 4,379,297</u>	<u>\$(1,179,431)</u>	<u>\$ 3,199,866</u>

Amortization expense was charged to the governmental functions as follows:

Regular Instruction	\$ 66,960
Administrative Information Technology	546,548
Operations and Maintenance of Plant	418,491
Student Transportation	<u>147,432</u>
	<u>\$ 1,179,431</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2021	Accrued	Retired	Balance 6/30/2022
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Bonds Payable	\$ 37,136,000		\$ 1,720,000	\$ 35,416,000
Net Pension Liability	23,955,743		7,623,662	16,332,081
Compensated Absences Payable	3,069,980	\$ 657,911	609,535	3,118,356
Obligations Under Financed Purchases	13,531,528		1,241,048	12,290,480
Leases Payable	<u>4,349,173</u>		<u>1,315,685</u>	<u>3,033,488</u>
	<u>\$ 82,042,424</u>	<u>\$ 657,911</u>	<u>\$ 12,509,930</u>	<u>\$ 70,190,405</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. GENERAL LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2022 as follows:

Purpose	<u>Serial Bonds</u> Final Maturity Date	Interest Rate	Amount
Referendum Bonds 2021	7/15/2040	2.00%	\$ 35,416,000
			\$ 35,416,000

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

Year Ending <u>June 30,</u>	Bonds		Total
	Principal	Interest	
2023	\$ 1,476,000	\$ 693,560	\$ 2,169,560
2024	1,515,000	663,650	2,178,650
2025	1,555,000	632,950	2,187,950
2026	1,595,000	601,450	2,196,450
2027	1,630,000	569,200	2,199,200
2028-2032	8,795,000	2,333,250	11,128,250
2033-2037	9,950,000	1,554,100	11,504,100
2038-2041	8,900,000	205,200	9,105,200
	\$ 35,416,000	\$ 7,253,360	\$ 42,669,360

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. GENERAL LONG-TERM LIABILITIES (Cont'd)

B. Financed Purchases Payable:

As of June 30, 2022, the Board has financed purchase agreements for the Energy Savings Initiative Program with a total asset value of \$16,085,000 of which \$5,060,711 has been liquidated. The District also has a finance purchase agreement for the acquisition of various equipment with a total assets value of \$2,240,000 of which \$973,809 has been liquidated. The following is a schedule of the future minimum finance purchase payments under the finance purchase agreements, and the present value of the net minimum financed purchase payments at June 30, 2022.

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 1,475,214
2024	1,500,561
2025	1,295,708
2026	1,036,632
2027	1,059,516
2028-2032	5,658,917
2033-2034	<u>2,439,162</u>
Total Minimum Financed Purchases Payments	14,465,710
Less: Amount representing interest	<u>2,175,230</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 12,290,480</u>

The current portion of the finance purchase payable at June 30, 2022 is \$1,152,044 and the long-term portion is \$11,138,436. Financed purchases payable will be liquidated through the general fund.

C. Leases Payable

The District had leases outstanding as of June 30, 2022 as follows:

<u>Leases Payable</u>				
<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Custodial Equipment	Annual	03/20/23	1.955%	\$ 77,632
Vehicles 2020	Annual	12/01/22	2.143%	107,216
Technology 2019	Annual	07/01/23	2.680%	575,837
Buses and Technology 2019	Annual	03/20/23	2.753%	151,795
Buildings and Grounds Vehicles and Equipment & Buses	Annual	12/01/22	0.964%	1,762,079
New Phone System	Annual	07/01/23	1.027%	<u>358,929</u>
				<u>\$ 3,033,488</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 9. GENERAL LONG-TERM LIABILITIES (Cont'd)

C. Leases Payable (Cont'd)

Principal and interest on leases outstanding will be liquidated through the General Fund and are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,341,676	\$ 44,098
2024	621,024	17,504
2025	532,798	10,435
2026	537,990	5,243
	<u>\$ 3,033,488</u>	<u>\$ 77,280</u>

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$3,118,356. 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, 2022, no liability existed for compensated absences in the Food Service Fund.

Compensated absences will be liquidated from the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$16,332,081. See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,651,362 for fiscal year 2022.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2022, the District reported a liability of \$16,332,081 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.1379%, which was a decrease of 0.0090% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$2,284,520. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 690,198
	2018	5.63		1,293,974
	2019	5.21		1,141,510
	2020	5.16		2,688,645
	2021	5.13	\$ 85,057	<u>5,814,327</u>
Difference Between Expected and Actual Experience	2017	5.48	20,526	
	2018	5.63		49,275
	2019	5.21	87,258	
	2020	5.16	149,794	
	2021	5.13		<u>67,643</u>
			<u>257,578</u>	<u>116,918</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		127,575
	2019	5.00		(41,165)
	2020	5.00		(927,728)
	2021	5.00		<u>5,143,617</u>
				<u>4,302,299</u>
Changes in Proportion	2017	5.48		\$ 2,977
	2018	5.63	381,299	
	2019	5.21	179,605	
	2020	5.16		134,743
	2021	5.13		<u>1,586,748</u>
			<u>560,904</u>	<u>1,724,468</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	1,830,660	
			<u>\$ 2,734,199</u>	<u>\$ 11,958,012</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (3,853,659)
2023	(2,751,504)
2024	(1,876,057)
2025	(1,410,237)
2026	548
	\$ (9,890,909)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2021 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% 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.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2021 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 22,253,291	\$ 16,332,081	\$ 11,323,804

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$20,936,502 to the TPAF for normal pension benefits on behalf of the District, which is greater than the contractually required contribution of \$6,247,976.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$265,527,376. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.5523%, which was a decrease of 0.0059% from its proportion measured as of June 30, 2020.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>265,527,376</u>
Total	<u>\$ 265,527,376</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$6,247,976 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 153,774,925	
	2015	8.3	926,219,611	
	2016	8.3	3,000,278,784	
	2017	8.3		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
				<u>2,854,036,178</u>
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 314,163,301	\$ 265,527,376	\$ 224,676,307

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

For DCRP, the District recognized pension expense of \$99,334 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$149,321 for the fiscal year ended June 30, 2022.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District has not experienced any insurance settlements that have exceeded coverage for any of the previous three fiscal years. The District maintains commercial coverage from Utica National Insurance Group for property, liability, student accident, and surety bonds. The District has maintained consistent coverage in these areas from the prior year. A complete schedule of insurance coverage can be found in the statistical section of this annual comprehensive financial report. Health benefits are provided to employees through Horizon Blue Cross Blue Shield of New Jersey.

The Hillsborough Township Public Schools is a member of the New Jersey Schools Insurance Group (the “Group”). The Group provides worker’s compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this annual comprehensive financial report. The Group is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for their respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the entity are elected.

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

Selected summarized financial information for the Group as of June 30, 2022 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 419,556,712</u>
Net Position	<u>\$ 184,982,708</u>
Total Revenue	<u>\$ 136,489,970</u>
Total Expenses	<u>\$ 123,329,498</u>
Change in Net Position	<u>\$ 13,160,472</u>
Member Dividends	<u>\$ -0-</u>

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

New Jersey Schools Insurance Group
6000 Midlantic Drive, Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060
www.njsig.org

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 279	\$ 350,196	\$ 241,973	\$ 367,081
2020-2021	126	404,164	236,661	258,579
2019-2020	758	241,469	228,633	90,950

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUNDS PAYABLES AND RECEIVABLES

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 250,091	\$ 384,787
Special Revenue Fund		250,091
Food Service Fund	384,787	
	<u>\$ 634,878</u>	<u>\$ 634,878</u>

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. This deficit is due to timing between expenditure and reimbursement from the State of New Jersey. The interfund payable in the General Fund to the Food Service Fund is for reimbursements received from the Federal and State Grant Programs in the Food Service Program which were collected in General Fund and not remitted prior to year-end.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

Equitable Financial Companies	Fidelity Investments
Siracusa Benefits	The Legend Group
Security Benefit Group	Lincoln Investment Planning

NOTE 15. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the District on a predetermined, agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 1,550,237	\$ 290,768	\$ 113,243	\$ 1,954,248

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$290,768 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. The \$113,243 of year-end encumbrances in the Capital Projects Fund are included in the restricted fund balance at June 30, 2022.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2022 were as follows:

	Governmental Funds		District Contribution Subsequent to the	Total
	General Fund	Special Revenue Fund	Measurement Date	Governmental Activities
Vendors	\$ 103,451			\$ 103,451
Payroll Deductions and Withholdings	296,453			296,453
Due to:				
State of New Jersey	_____	\$ 21,641	\$ 1,830,660	1,852,301
	\$ 399,904	\$ 21,641	\$ 1,830,660	\$ 2,252,205

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

Employees Covered by Benefit Terms

At June 30, 2019, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	149,304
Active Plan Members	216,804
Total	366,108

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 4.45% based on service years	3.00 - 7.00% based on service years

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

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) and classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions

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

Discount Rate

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

	Total OPEB Liability
Balance at June 30, 2019	\$ 201,154,419
Changes for Year:	
Service Cost	8,823,486
Interest on the Total OPEB Liability	7,253,299
Changes of Assumptions	59,827,459
Differences between Expected and Actual Experience	55,994,877
Gross Benefit Payments by the State	(5,701,931)
Contributions from Members	172,825
Net Changes	126,370,015
Balance at June 30, 2020	\$ 327,524,434

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
Total OPEB Liability Attributable to the District	\$ 394,847,611	\$ 327,524,434	\$ 274,884,194

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2020, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 264,388,768	\$ 327,524,434	\$ 402,704,980

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$5,193,020 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 19,876,937
	2018	9.51		17,495,456
	2019	9.29	\$ 2,358,201	
	2020	9.24	53,352,626	
				55,710,827
Differences Between Expected and Actual Experience	2018	9.51		16,538,650
	2019	9.29		27,756,161
	2020	9.24	\$ 49,726,741	
			49,726,741	44,294,811
Changes in Proportion	N/A	N/A	5,334,395	763,257
			\$ 110,771,963	\$ 82,430,461

N/A - Not Available

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2020	\$ 209,818
2021	209,819
2022	209,819
2023	209,819
2024	209,819
Thereafter	22,721,270
	\$ 23,770,364

NOTE 19. PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements to record an intangible right-to-use asset and a lease liability as of June 30, 2021 as a result of implementing GASB 87, *Leases*:

	June 30, 2021 as Previously Reported	Retroactive Adjustments	Balance June 30, 2021 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Assets, Net	\$ -0-	\$ 4,379,297	\$ 4,379,297
Total Assets	121,582,007	4,379,297	125,961,304
Noncurrent Liabilities:			
Due Within One Year	2,966,249	1,175,877	4,142,126
Due Beyond One Year	74,727,002	3,173,296	77,900,298
Total Liabilities	80,808,356	4,349,173	85,157,529
Net Position:			
Net Investment in Capital Assets	34,072,684	30,124	34,102,808
Total Net Position	35,009,638	30,124	35,039,762

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.1327016181%	0.1395906252%	0.1403259841%	0.0014017007%	0.1460092189%	0.1478764786%	0.1469011968%	0.11378641987%
District's proportionate share of the net pension liability	\$ 24,845,372	\$ 31,335,298	\$ 41,560,532	\$ 32,629,352	\$ 28,748,487	\$ 26,645,458	\$ 23,955,743	\$ 16,332,081
District's covered employee payroll	\$ 9,285,888	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864	\$ 10,388,817
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.56%	327.61%	430.82%	327.53%	279.90%	245.58%	235.56%	157.21%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 981,615	\$ 1,093,973	\$ 1,200,105	\$ 1,253,676	\$ 1,317,652	\$ 1,463,880
Contributions in relation to the contractually required contribution	(981,615)	(1,093,973)	(1,200,105)	(1,253,676)	(1,317,652)	(1,463,880)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864
Contributions as a percentage of covered employee payroll	10.26%	11.34%	12.05%	12.21%	12.14%	14.39%
						15.47%
						13.96%
						\$ 1,614,550
						(1,607,025)
						\$ 11,562,249
						(1,614,550)

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
 SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 ASSOCIATED WITH THE DISTRICT
 TEACHERS' PENSION AND ANNUITY FUND
 LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability attributable to the District	0.5415907302%	0.5472246140%	0.5409857739%	0.5523430882%	0.5546117822%	0.5486987176%	0.5581801153%	0.5523168673%
State's proportionate share of the net pension liability attributable to the District	\$ 289,462,619	\$ 344,287,657	\$ 425,573,655	\$ 372,409,627	\$ 352,832,103	\$ 336,741,582	\$ 367,554,890	\$ 265,527,376
District's covered employee payroll	\$ 54,975,333	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 59,022,841
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	526.53%	604.24%	739.26%	624.91%	583.40%	585.50%	622.73%	449.87%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 15,575,807	\$ 21,021,873	\$ 31,975,953	\$ 25,798,653	\$ 20,568,878	\$ 19,861,919	\$ 22,856,128	\$ 6,247,976
Contributions in relation to the contractually required contribution	(2,747,312)	(4,125,820)	(5,995,540)	(8,167,474)	(10,791,577)	(12,243,028)	(16,055,182)	(20,936,502)
Contribution deficiency/(excess)	<u>\$ 12,828,495</u>	<u>\$ 16,896,053</u>	<u>\$ 25,980,413</u>	<u>\$ 17,631,179</u>	<u>\$ 9,777,301</u>	<u>\$ 7,618,891</u>	<u>\$ 6,800,946</u>	<u>\$ (14,688,526)</u>
District's covered employee payroll	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 59,022,841	\$ 60,299,735
Contributions as a percentage of covered employee payroll	4.82%	7.17%	10.06%	13.50%	18.76%	20.74%	27.20%	34.72%

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB
LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 11,331,790	\$ 9,387,376	\$ 8,229,848	\$ 8,823,486
Interest Cost	8,052,210	9,335,608	8,626,337	7,253,299
Differences between Expected and Actual Experience		(24,662,913)	(30,349,584)	55,994,877
Changes in Assumptions	(33,556,812)	(24,975,324)	2,999,229	59,827,459
Member Contributions	216,782	201,336	183,039	172,825
Gross Benefit Payments	(5,887,208)	(5,819,627)	(6,174,841)	(5,701,931)
Net Change in Total OPEB Liability	(19,843,238)	(36,533,544)	(16,485,972)	126,370,015
Total OPEB Liability - Beginning	274,017,173	254,173,935	217,640,391	201,154,419
Total OPEB Liability - Ending	<u>\$ 254,173,935</u>	<u>\$ 217,640,391</u>	<u>\$ 201,154,419</u>	<u>\$ 327,524,434</u>
District's Covered Employee Payroll	\$ 69,556,681	\$ 70,749,797	\$ 68,363,087	\$ 69,192,705
Total OPEB Liability as a Percentage of Covered Employee Payroll	365%	308%	294%	473%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019 and 2020 are based on the payroll on the June 30, 2016, 2017, 2018 and 2019 census data.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation, the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%, a change of -1.29%.

The mortality rates in the valuation as of June 30, 2020 were based on the following:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

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

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

The health care trend rates in the valuation as of June 30, 2020 were based on the following:

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

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

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

BUDGETARY COMPARISON SCHEDULES

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 102,283,501		\$ 102,283,501	\$ 102,283,501	
Tuition From Individuals	462,315		462,315	113,951	\$ (348,364)
Tuition From Other LEAs Within the State	132,937		132,937	409,783	276,846
Unrestricted Miscellaneous Revenues	953,079	\$ 2,500	955,579	776,593	(178,986)
Other Restricted Miscellaneous Revenues				387,012	387,012
Total Revenues from Local Sources	103,831,832	2,500	103,834,332	103,970,840	136,508
Revenues from State Sources:					
Categorical Transportation Aid	968,117		968,117	968,117	
Non-Public Transportation Aid		78,880	78,880	78,880	
Extraordinary Aid	582,729	787,704	1,370,433	1,370,433	
Categorical Special Education Aid	4,589,091		4,589,091	4,589,091	
Equalization Aid	17,208,634		17,208,634	17,208,634	
Categorical Security Aid	194,605		194,605	194,605	
State Reimbursement for Lead Testing of Drinking Water		18,621	18,621	18,621	
TPAF Post Retirement Contributions (Non-Budgeted)				4,960,627	4,960,627
TPAF Pension Contributions (Non-Budgeted)				20,936,502	20,936,502
TPAF Non-Contributory Insurance (Non-Budgeted)				295,385	295,385
TPAF Long-Term Disability Insurance (Non-Budgeted)				7,193	7,193
Reimbursed TPAF Social Security Contributions				4,387,654	4,387,654
Total Revenues from State Sources	23,543,176	885,205	24,428,381	55,015,742	30,587,361
Revenues from Federal Sources:					
Medicaid Reimbursement	93,974		93,974	39,348	(54,626)
Total Revenues from Federal Sources	93,974		93,974	39,348	(54,626)
TOTAL REVENUE	127,468,982	887,705	128,356,687	159,025,930	30,669,243

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 955,106	\$ 89,054	\$ 1,044,160	\$ 921,488	\$ 122,672
Grades 1-5 - Salaries of Teachers	15,389,670	(517,764)	14,871,906	14,238,764	633,142
Grades 6-8 - Salaries of Teachers	8,107,835	(2,410)	8,105,425	7,953,794	151,631
Grades 9-12 - Salaries of Teachers	11,848,092	(221,060)	11,627,032	11,553,778	73,254
Regular Programs - Home Instruction:					
Salaries of Teachers	66,300	(36,000)	30,300	28,668	1,632
Purchased Professional-Educational Services	58,140	43,000	101,140	93,755	7,385
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	15,000	15,000	30,000	30,000	
General Supplies	696,148	(45,129)	651,019	577,900	73,119
Textbooks	47,163	(6,770)	40,393	38,667	1,726
Other Objects		375	375	375	
Total Regular Programs - Instruction	<u>37,183,454</u>	<u>(681,704)</u>	<u>36,501,750</u>	<u>35,437,189</u>	<u>1,064,561</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,826,730	(33,314)	1,793,416	1,685,750	107,666
Other Salaries for Instruction	630,627	(204,376)	426,251	419,851	6,400
General Supplies	45,100	(15,798)	29,302	25,935	3,367
Total Learning and/or Language Disabilities	<u>2,502,457</u>	<u>(253,488)</u>	<u>2,248,969</u>	<u>2,131,536</u>	<u>117,433</u>
Auditory Impairments:					
Salaries of Teachers	152,685		152,685		152,685
Total Auditory Impairments	<u>152,685</u>		<u>152,685</u>		<u>152,685</u>
Behavioral Disabilities:					
Salaries of Teachers	248,418		248,418	248,370	48
General Supplies	1,570	(1,570)			
Total Behavioral Disabilities	<u>249,988</u>	<u>(1,570)</u>	<u>248,418</u>	<u>248,370</u>	<u>48</u>

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource Room/Resource Center:					
Salaries of Teachers	\$ 8,064,620	\$ (55,024)	\$ 8,009,596	\$ 7,974,208	\$ 35,388
General Supplies	47,000	(6,056)	40,944	37,374	3,570
Total Resource Room/Resource Center	8,111,620	(61,080)	8,050,540	8,011,582	38,958
Autism:					
Salaries of Teachers	674,835	58,678	733,513	522,657	210,856
Other Salaries for Instruction	722,235	(144,914)	577,321	576,471	850
General Supplies	22,000	(2,087)	19,913	18,034	1,879
Total Autism	1,419,070	(88,323)	1,330,747	1,117,162	213,585
Preschool Disabilities - Part-Time:					
Salaries of Teachers	463,200	29,342	492,542	400,269	92,273
Other Salaries for Instruction	316,191	59,420	375,611	334,351	41,260
General Supplies	2,850	(850)	2,000	263	1,737
Total Preschool Disabilities - Part-Time	782,241	87,912	870,153	734,883	135,270
TOTAL SPECIAL EDUCATION - INSTRUCTION	13,218,061	(316,549)	12,901,512	12,243,533	657,979
Bilingual Education - Instruction:					
Salaries of Teachers	960,485	15,590	976,075	972,607	3,468
General Supplies	15,330	36,410	51,740	10,847	40,893
Textbooks	6,600		6,600	6,042	558
Total Bilingual Education - Instruction	982,415	52,000	1,034,415	989,496	44,919
School-Sponsored Cocurricular & Extracurricular Activities - Instruction:					
Salaries	343,000	(13,462)	329,538	274,318	55,220
Purchased Services (300-500 series)	7,383	13,117	20,500	20,030	470
Supplies and Materials	6,793	2,140	8,933	8,449	484
Total School-Sponsored Cocurricular & Extracurricular Activities - Instruction	357,176	1,795	358,971	302,797	56,174

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Sponsored Athletics - Instruction:					
Salaries	\$ 856,280	\$ (27,464)	\$ 828,816	\$ 807,412	\$ 21,404
Purchased Services (300-500 series)	130,402	29,055	159,457	139,482	19,975
Supplies and Materials	193,508		193,508	181,235	12,273
Total School-Sponsored Athletics - Instruction	1,180,190	1,591	1,181,781	1,128,129	53,652
Summer School - Instruction:					
Salaries of Teachers	218,647		218,647	208,930	9,717
Other Salaries of Instruction	309,275		309,275	285,189	24,086
Salaries of Teacher Tutors	11,514		11,514	390	11,124
General Supplies	5,100		5,100	1,885	3,215
Total Summer School - Instruction	544,536		544,536	496,394	48,142
Summer School - Support Services:					
Salaries	14,079		14,079		14,079
Total Summer School - Support Services	14,079		14,079		14,079
Total Summer School	558,615		558,615	496,394	62,221
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	3,663,594	(118,702)	3,544,892	3,311,910	232,982
Salaries of Reading Specialists	579,450	11,422	590,872	516,927	73,945
Total Other Supplemental/At Risk Programs	4,243,044	(107,280)	4,135,764	3,828,837	306,927
TOTAL INSTRUCTION	57,722,955	(1,050,147)	56,672,808	54,426,375	2,246,433
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	23,256	741	23,997	23,997	
Tuition to Other LEAs Within the State-Special	81,900	(47,901)	33,999	20,381	13,618
Tuition to County Vocational School District-Regular	170,609	(25,457)	145,152	142,122	3,030
Tuition to County Vocational School District-Special	52,448		52,448	49,000	3,448
Tuition to CSSD & Regular Day Schools	155,169	51,370	206,539	205,360	1,179
Tuition to Private School for the Handicapped Within State	1,990,549	(134,935)	1,855,614	1,599,428	256,186
Total Undistributed Expenditures - Instruction	2,473,931	(156,182)	2,317,749	2,040,288	277,461

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Attendance & Social Work:					
Salaries	\$ 12,346		\$ 12,346	\$ 12,346	
Total Undistributed Expenditures - Attendance and Social Work	12,346		12,346	12,346	
Undistributed Expenditures - Health Services:					
Salaries	\$ 1,007,054	(136,813)	870,241	846,234	\$ 24,007
Purchased Professional and Technical Services	47,958	165,290	213,248	212,848	400
Other Purchased Services (400-500 series)	25,200	(22,200)	3,000	1,975	1,025
Supplies and Materials	44,095	3,692	47,787	34,355	13,432
Total Undistributed Expenditures - Health Services	1,124,307	9,969	1,134,276	1,095,412	38,864
Undistributed Expenditures - Speech, OT, PT, Related Services:					
Salaries	1,972,327	(168,374)	1,803,953	1,771,341	32,612
Purchased Professional - Educational Services	1,148,343	96,469	1,244,812	1,238,850	5,962
Supplies and Materials	21,300	(9,126)	12,174	12,115	59
Total Undistributed Expenditures - Speech, OT, PT, Related Services	3,141,970	(81,031)	3,060,939	3,022,306	38,633
Undistributed Expenditures - Other Support Services Students-Extracurricular Services:					
Salaries	3,361,170	451,185	3,812,355	3,776,144	36,211
Purchased Professional - Educational Services		48,327	48,327	48,327	
Supplies and Materials	30,000	(8,856)	21,144	20,865	279
Total Undistributed Expenditures - Other Support Services Students-Extracurricular Services	3,391,170	490,656	3,881,826	3,845,336	36,490
Undistributed Expenditures - Guidance:					
Salaries of Other Professional Staff	2,388,564	(49,140)	2,339,424	2,294,180	45,244
Salaries of Secretarial and Clerical Assistants	2,140	(1,758)	382	382	
Other Salaries		61,807	61,807	61,806	1
Supplies and Materials	28,285	1,634	29,919	17,999	11,920
Total Undistributed Expenditures - Guidance	2,418,989	12,543	2,431,532	2,374,367	57,165

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	\$ 2,297,429	\$ (42,460)	\$ 2,254,969	\$ 2,194,826	\$ 60,143
Salaries of Secretarial and Clerical Assistants	184,508	5,380	189,888	189,888	
Other Purchased Prof. and Tech. Services	75,000	13,496	88,496	88,485	11
Supplies and Materials	65,545	(5,995)	59,550	42,719	16,831
Total Undistributed Expenditures - Child Study Team	<u>2,622,482</u>	<u>(29,579)</u>	<u>2,592,903</u>	<u>2,515,918</u>	<u>76,985</u>
Undistributed Expenditures - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	979,953	12,122	992,075	916,051	76,024
Salaries of Other Professional Staff	111,537	(8,746)	102,791	95,240	7,551
Salaries of Secretarial and Clerical Assistants	167,770	6,124	173,894	173,894	
Other Salaries		50	50	50	
Purchased Professional - Educational Services	120,910		120,910	78,741	42,169
Supplies and Materials	2,764,486	314,220	3,078,706	2,950,232	128,474
Other Objects		235	235	176	59
Total Undistributed Expenditures - Improvement of Instructional Services	<u>4,144,656</u>	<u>324,005</u>	<u>4,468,661</u>	<u>4,214,384</u>	<u>254,277</u>
Undistributed Expenditures - Educational Media Services/School Library:					
Salaries	892,795	(50,000)	842,795	776,437	66,358
Supplies and Materials	74,700	(158)	74,542	66,056	8,486
Total Undistributed Expenditures - Educational Media Services/School Library	<u>967,495</u>	<u>(50,158)</u>	<u>917,337</u>	<u>842,493</u>	<u>74,844</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	104,305	2,263	106,568	105,867	701
Unused Vacation Payment to Terminated/Retired Staff		22,967	22,967	22,967	
Other Purchased Services (400-500 series)	44,257	(2,263)	41,994	12,232	29,762
Total Undistributed Expenditures-Instructional Staff Training Services	<u>148,562</u>	<u>22,967</u>	<u>171,529</u>	<u>141,066</u>	<u>30,463</u>

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 665,775	\$ (80,486)	\$ 585,289	\$ 572,355	\$ 12,934
Unused Vacation Payment to Terminated/Retired Staff	14,231	14,231	14,231	14,231	
Legal Services	182,701	119,160	301,861	301,861	
Audit Fees	35,700	50	35,750	35,750	
Architectural/Engineering Services	100,000	100,000	100,000	36,073	63,927
Other Purchased Professional Services	27,852	4,536	32,388	21,163	11,225
Purchased Technical Services	40,138	(26,000)	14,138	12,250	1,888
Communications / Telephone	267,150	(33,252)	233,898	209,352	24,546
Other Purch. Services (400-500 series other than 530 & 585)	177,085	120,335	297,420	295,318	2,102
General Supplies	177,521	(122,775)	54,746	39,677	15,069
Judgments Against The School District	87,009	26,000	26,000	26,000	1
Miscellaneous Expenditures	27,000	28,201	115,210	115,209	337
BOE Membership Dues and Fees			27,000	26,663	
Total Undistributed Expenditures - Support Services - General Administration	1,687,931	150,000	1,837,931	1,705,902	132,029
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Prog Director	2,344,668	(27,561)	2,317,107	2,270,725	46,382
Salaries of Other Professional Staff	568,736	16,500	585,236	582,690	2,546
Salaries of Secretarial and Clerical Assistants	1,343,919	18,287	1,362,206	1,324,142	38,064
Unused Vacation Payment to Terminated/Retired Staff	30,000	9,900	39,900	39,852	48
Purchased Professional and Technical Services	15,000		15,000	4,014	10,986
Supplies and Materials	224,752	(70,568)	154,184	98,400	55,784
Total Undistributed Expenditures - Support Services - School Administration	4,527,075	(53,442)	4,473,633	4,319,823	153,810

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Central Services:					
Salaries	\$ 1,127,935	\$ 104,875	\$ 1,232,810	\$ 1,088,089	\$ 144,721
Unused Vacation Payment to Terminated/Retired Staff	30,000	(9,700)	20,300	15,718	4,582
Purchased Professional Services	47,200	(4,800)	42,400	32,369	10,031
Purchased Technical Services	51,000	137,130	188,130	180,448	7,682
Miscellaneous Purchased Services (400-500 series other than 594)	326,771	(5,124)	321,647	247,926	73,721
Supplies and Materials	33,916	7,170	41,086	26,578	14,508
Interest on Lease Purchase Agreements		5,123	5,123	5,123	
Other Objects		325	325		325
Total Undistributed Expenditures - Central Services	1,616,822	234,999	1,851,821	1,596,251	255,570
Undistributed Expenditures - Administrative Information Technology:					
Salaries	628,475		628,475	621,906	6,569
Unused Vacation Payment to Terminated/Retired Staff	15,000		15,000	2,461	12,539
Purchased Technical Services	181,215		181,215	145,162	36,053
Total Undistributed Expenditures - Administrative Information Technology	824,690		824,690	769,529	55,161
Undistributed Expenditures-Required Maintenance for School Facilities:					
Salaries	49,620		49,620	49,620	
Cleaning, Repair, and Maintenance Services	263,432	1,122,850	1,386,282	848,437	537,845
General Supplies	243,900	(153,405)	90,495	11,487	79,008
Other Objects		72	72	72	
Total Undistributed Expenditures- Required Maintenance for School Facilities	556,952	969,517	1,526,469	909,616	616,853

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Custodial Services:					
Salaries	\$ 3,750,714	\$ 124,885	\$ 3,875,599	\$ 3,854,811	\$ 20,788
Salaries of Non-Instructional Aides	458,173	(33,645)	424,528	421,170	3,358
Unused Vacation Payment to Terminated/Retired Staff	10,000	36,039	46,039	22,132	23,907
Purchased Professional and Technical Services	140,801	(8,431)	132,370	105,110	27,260
Cleaning, Repair, and Maintenance Services	458,661	681,003	1,139,664	715,710	423,954
Rental of Land & Building Other than Lease Purchase Agreements	53,060	1	53,061	53,060	1
Lease Purchase Payments - Energy Savings Improvement Programs	949,928		949,928	949,928	
Other Purchased Property Services	1,016,320	(552,222)	464,098	419,327	44,771
Insurance	589,251	(31,681)	557,570	425,686	131,884
General Supplies	252,755	506,105	758,860	722,364	36,496
Energy (Natural Gas)	370,843	40,879	411,722	354,026	57,696
Energy (Electricity)	968,852	(63,785)	905,067	878,475	26,592
Other Objects		17,325	17,325	17,325	
Total Undistributed Expenditures - Custodial Services	9,019,358	716,473	9,735,831	8,939,124	796,707
Care and Upkeep of Grounds:					
Salaries	244,784	(195)	244,589	239,698	4,891
Cleaning, Repair, and Maintenance Services	58,535	1,866	60,401	60,398	3
General Supplies	20,977	7,341	28,318	24,040	4,278
Total Care And Upkeep Of Grounds	324,296	9,012	333,308	324,136	9,172
Security:					
General Supplies		4,535	4,535	4,535	
Total Security		4,535	4,535	4,535	
Total Undistributed Expenditures - Operations And Maintenance of Plant Services	9,900,606	1,699,537	11,600,143	10,177,411	1,422,732

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 494,568	\$ (73,929)	\$ 420,639	\$ 384,743	\$ 35,896
Salaries for Pupil Transportation (Between Home and School) - Regular	270,617	87,756	358,373	349,671	8,702
Salaries for Pupil Transportation (Between Home and School) - Special Education	1,009,911	466,446	1,476,357	1,384,497	91,860
Other Purchased Professional and Technical Services	19,486		19,486	11,680	7,806
Cleaning, Repair, and Maintenance Services	12,375		12,375	6,257	6,118
Lease Purchase Payments - School Buses	295,583	79,102	374,685	374,684	1
Contracted Services - Aid in Lieu of Payments - Nonpublic Students	250,000	46,184	296,184	287,184	9,000
Contracted Services (Between Home & School) - Vendors	5,038,783	239,102	5,277,885	5,203,628	74,257
Contracted Services (Other than Between Home & School) - Vendors	270,330	(66,347)	203,983	59,324	144,659
Contracted Services (Special Education Students) - Vendors	457,683	(354,304)	103,379	95,820	7,559
Contracted Services (Special Education Students) - ESCs & CTSA's	1,216,842	90,472	1,307,314	1,183,717	123,597
Misc. Purchased Services - Transportation	94,066	(29,138)	64,928	50,590	14,338
General Supplies	2,000	(593)	1,407	1,406	1
Transportation Supplies	104,716	123,604	228,320	228,320	
Other Objects	9,785	(9,700)	85		85
Total Undistributed Expenditures - Student Transportation Services	9,546,745	601,234	10,147,979	9,621,521	526,458
UNALLOCATED BENEFITS					
Social Security Contributions	1,413,944	98,251	1,512,195	1,480,755	31,440
T.P.A.F. Contributions - ERIP	65,000	18,189	83,189	18,189	65,000
Other Retirement Contributions - PERS	1,519,336	132,026	1,651,362	1,651,362	
Other Retirement Contributions - Regular	110,864		110,864	99,334	11,530
Unemployment Compensation	95,703	155,000	250,703	241,973	8,730
Workers Compensation	603,312		603,312	539,380	63,932
Health Benefits	18,616,028	(1,740,983)	16,875,045	15,782,453	1,092,592
Tuition Reimbursement	307,000	1,187	308,187	306,686	1,501
Other Employee Benefits	1,646,701	(511,810)	1,134,891	31,898	1,102,993
Unused Sick Payment to Terminated/Retired Staff	199,630	365,982	565,612	535,163	30,449
TOTAL UNALLOCATED BENEFITS	24,577,518	(1,482,158)	23,095,360	20,687,193	2,408,167

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)			\$ 4,960,627	\$ 4,960,627	\$ (4,960,627)
TPAF Pension Contributions (Non-Budgeted)			20,936,502	20,936,502	(20,936,502)
TPAF Non-Contributory Insurance (Non-Budgeted)			295,385	295,385	(295,385)
TPAF Long-Term Disability Insurance (Non-Budgeted)			7,193	7,193	(7,193)
Reimbursed TPAF Social Security Contributions			4,387,654	4,387,654	(4,387,654)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)			30,587,361	30,587,361	(30,587,361)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 24,577,518	\$ (1,482,158)	\$ 23,095,360	51,274,554	(28,179,194)
TOTAL UNDISTRIBUTED EXPENDITURES	73,114,949	1,705,706	74,820,655	99,568,907	(24,748,252)
TOTAL GENERAL CURRENT EXPENSE	130,837,904	655,559	131,493,463	153,995,282	(22,501,819)
CAPITAL OUTLAY					
Equipment					
Grades 9-12	21,462		21,462	21,097	365
Undistributed:					
Undistributed Expenditures - School Administration	100,159		100,159	33,099	67,060
Total Equipment	121,621		121,621	54,196	67,425
Facilities Acquisition and Construction Services:					
Construction Services		2,712,335	2,712,335	2,401,815	310,520
Assessment for Debt Service on SDA Funding	71,124		71,124	71,124	
Total Facilities Acquisition and Construction Services	71,124	2,712,335	2,783,459	2,472,939	310,520
TOTAL CAPITAL OUTLAY	192,745	2,712,335	2,905,080	2,527,135	377,945
Transfer of Funds to Charter Schools	232,910	53,185	286,095	286,095	
	232,910	53,185	286,095	286,095	
TOTAL EXPENDITURES	131,263,559	3,421,079	134,684,638	156,808,512	(22,123,874)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,794,577)	(2,533,374)	(6,327,951)	2,217,418	(8,545,369)

HILLSBOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund	\$ (600,000)		\$ (600,000)		\$ 600,000
Total Other Financing Sources/(Uses)	<u>(600,000)</u>		<u>(600,000)</u>		<u>600,000</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(4,394,577)	\$ (2,533,374)	(6,927,951)	\$ 2,217,418	9,145,369
Fund Balance, July 1	20,012,488		20,012,488	20,012,488	
Fund Balance, June 30	<u>\$ 15,617,911</u>	<u>\$ (2,533,374)</u>	<u>\$ 13,084,537</u>	<u>\$ 22,229,906</u>	<u>\$ 9,145,369</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 4,533,115	
Excess Surplus - Restricted For 2023-2024				4,533,115	
Excess Surplus - Restricted For 2022-2023				4,121,829	
Capital Reserve				2,235,122	
Maintenance Reserve				367,081	
Unemployment Compensation					
Assigned Fund Balance:				1,550,237	
Year End Encumbrances				4,889,407	
Unassigned Fund Balance				<u>22,229,906</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(2,280,358)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 19,949,548</u>	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 887,807	\$ 887,807	\$ 817,729	\$ (70,078)
State Sources	\$ 24,613	626,457	651,070	215,805	(435,265)
Federal Sources	1,790,113	3,936,797	5,726,910	2,654,839	(3,072,071)
Total Revenues	1,814,726	5,451,061	7,265,787	3,688,373	(3,577,414)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	141,871	858,383	1,000,254	166,544	833,710
Other Purchased Services	1,377,655	1,115,423	2,493,078	1,639,109	853,969
General Supplies	29,455	431,735	461,190	121,509	339,681
Other Objects	4,420	(4,420)			
Total Instruction	1,553,401	2,401,121	3,954,522	1,927,162	2,027,360
Support Services:					
Salaries of Other Professional Staff	31,494	268,920	300,414	58,754	241,660
Personal Services - Employee Benefits	55,552	114,290	169,842	84,400	85,442
Purchased Professional and Technical Services		952,210	952,210	430,542	521,668
Purchased Professional and Educational Services		442,169	442,169	12,042	430,127
Other Purchased Professional Services	29,905	(21,617)	8,288	5,095	3,193
Other Purchased Services	128,821	258,841	387,662	240,349	147,313
Supplies and Materials	15,553	252,136	267,689	147,038	120,651
Student Activities		680,951	680,951	680,951	
Total Support Services	261,325	2,947,900	3,209,225	1,659,171	1,550,054
Total Expenditures	\$ 1,814,726	\$ 5,349,021	\$ 7,163,747	\$ 3,586,333	\$ 3,577,414
Excess of Revenue Over Expenditures	\$ -0-	\$ 102,040	\$ 102,040	\$ 102,040	\$ -0-

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 159,025,930	\$ 3,688,373
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(290,768)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,350,953	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(2,280,358)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 159,096,525</u>	<u>\$ 3,397,605</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 156,808,512	\$ 3,586,333
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(290,768)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 156,808,512</u>	<u>\$ 3,295,565</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2022 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CRRSA			ARP	
	ESSER II	Learning Acceleration	Mental Health	ESSER III	Accelerated Learning Coach and Educator Support
REVENUES:					
Local Sources					
State Sources	487,672	\$ 15,068	\$ 15,819	\$ 86,009	\$ 16,289
Federal Sources					
Total Revenues	487,672	15,068	15,819	86,009	16,289
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Purchased Services				86,009	12,689
General Supplies					
Total Instruction				86,009	12,689
Support Services:					
Salaries of Other Professional Staff	30,438	13,997	9,000		
Personal Services - Employee Benefits	2,329	1,071	689		
Purchased Professional and Technical Services	330,072		6,130		3,600
Purchased Professional and Educational Services					
Other Purchased Professional Services					
Other Purchased Services	124,833				
Supplies and Materials					
Student Activities					
Total Support Services	487,672	15,068	15,819		3,600
Total Expenditures	\$ 487,672	\$ 15,068	\$ 15,819	\$ 86,009	\$ 16,289

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Chapter 192		Chapter 193				
	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Auxiliary Services Compensatory Education	Handicapped Services Supplementary Instruction	Corrective Speech
REVENUES:							
Local Sources	\$ 3,002	\$ 2,710	\$ 5,095	\$ 12,750	\$ 1,254	\$ 3,717	1,953
State Sources							
Federal Sources							
Total Revenues	3,002	2,710	5,095	12,750	1,254	3,717	1,953
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Purchased Services							
General Supplies	3,002	2,710					
Total Instruction	3,002	2,710					
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional and Technical Services							
Purchased Professional and Educational Services			5,095		1,254	3,717	1,953
Other Purchased Professional Services							
Other Purchased Services				12,750			
Supplies and Materials							
Student Activities							
Total Support Services			5,095	12,750	1,254	3,717	1,953
Total Expenditures	\$ 3,002	\$ 2,710	\$ 5,095	\$ 12,750	\$ 1,254	\$ 3,717	\$ 1,953

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Non-public Teacher STEM	ACRSERS	SDA Emergent and Capital Maintenance	I.D.E.A.				Local Donations
				I.D.E.A. Part B, Basic	I.D.E.A. Preschool	ARP I.D.E.A. Part B, Basic	ARP I.D.E.A. Preschool	
REVENUES:								
Local Sources	635	\$ 54,695	\$ 179,571	\$ 1,599,708	\$ 55,362	\$ 876	\$ 90	\$ 34,738
State Sources								
Federal Sources								
Total Revenues	635	\$ 54,695	\$ 179,571	\$ 1,599,708	\$ 55,362	\$ 876	\$ 90	\$ 34,738
EXPENDITURES:								
Instruction:								
Salaries of Teachers					38,180			
Other Purchased Services		48,180		1,590,053		876		16,498
General Supplies					1			
Total Instruction		48,180		1,590,053	38,181	876		16,498
Support Services:								
Salaries of Other Professional Staff	635							
Personal Services - Employee Benefits					17,181			
Purchased Professional and Technical Services				6,505				
Purchased Professional and Educational Services								
Other Purchased Professional Services		6,515	179,571	3,150			90	18,240
Other Purchased Services								
Supplies and Materials								
Student Activities								
Total Support Services	635	\$ 6,515	\$ 179,571	\$ 9,655	\$ 17,181	\$ 876	\$ 90	\$ 18,240
Total Expenditures	635	\$ 54,695	\$ 179,571	\$ 1,599,708	\$ 55,362	\$ 876	\$ 90	\$ 34,738

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act			CARES Act	Student Activities	Totals
	Title I	Title IIA	Title III			
REVENUES:						
Local Sources				\$	782,991	\$ 817,729
State Sources		114,236	10,325			215,805
Federal Sources	191,735	\$	\$	6,955		2,654,839
Total Revenues	191,735	114,236	10,325	6,955	782,991	3,688,373
EXPENDITURES:						
Instruction:						
Salaries of Teachers	128,364					166,544
Other Purchased Services						1,639,109
General Supplies	600					121,509
Total Instruction	128,964					1,927,162
Support Services:						
Salaries of Other Professional Staff		4,684				58,754
Personal Services - Employee Benefits	62,771	359				84,400
Purchased Professional and Technical Services		76,235	8,000			430,542
Purchased Professional and Educational Services						12,042
Other Purchased Professional Services						5,095
Other Purchased Services		30,548	2,325			240,349
Supplies and Materials		2,410		6,955		147,038
Student Activities					680,951	680,951
Total Support Services	62,771	114,236	10,325	6,955	680,951	1,659,171
Total Expenditures	191,735	114,236	10,325	6,955	680,951	3,586,333

CAPITAL PROJECTS FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Expenditures and Other Financing Uses:	
Other Salaries	\$ 5,986
Construction Services	15,181,695
	<u>15,187,681</u>
Total expenditures and other financing uses	<u>15,187,681</u>
Excess/(deficit) of other financing sources over/(under) expenditures and other financing uses	(15,187,681)
Beginning Fund Balance	<u>17,322,081</u>
Ending Fund Balance	<u><u>\$ 2,134,400</u></u>
Recapitulation:	
Restricted	\$ 2,021,157
Restricted- Year End Encumbrances	113,243
	<u><u>\$ 2,134,400</u></u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL TURF & MIDDLE SCHOOL PAVING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Prior Periods	Totals	Revised Project Authorization
Revenue and Other Financing Sources:			
Bond Proceeds	\$ 1,932,000	\$ 1,932,000	\$ 1,932,000
Total Revenue and Other Financing Sources	1,932,000	1,932,000	1,932,000
Expenditures and Other Financing Uses:			
Purchased Professional and Technical Services	126,117	126,117	126,117
Construction Services	1,578,150	1,578,150	1,578,150
Total Expenditures	1,704,267	1,704,267	1,704,267
Other Financing Uses:			
Operating Transfer - Debt Service Fund	(227,733)	(227,733)	(227,733)
Excess of Revenue Over Expenditures and Other Financing Uses	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	3/8/16
Bonds Authorized	\$ 2,034,509
Bonds Issued	\$ 1,932,000
Original Authorized Cost	\$ 2,034,509
Additional Authorized Cost	\$ (102,509)
Project Balance Cancelled	\$ (227,733)
Revised Authorized Cost	\$ 1,704,267
Percentage Decrease under Original Authorized Cost	-11.19%
Percentage Completion	100.00%

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS - ALL SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	<u>\$ 35,416,000</u>		<u>\$ 35,416,000</u>	<u>\$ 35,416,000</u>
Total Revenue and Other Financing Sources	<u>35,416,000</u>		<u>35,416,000</u>	<u>35,416,000</u>
Expenditures:				
Other Salaries		\$ 5,986	5,986	16,000
Purchased Professional and Technical Services	2,261,515		2,261,515	2,400,000
Construction Services	<u>15,832,404</u>	<u>15,181,695</u>	<u>31,014,099</u>	<u>33,000,000</u>
Total Expenditures	<u>18,093,919</u>	<u>15,187,681</u>	<u>33,281,600</u>	<u>35,416,000</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>\$ 17,322,081</u>	<u>\$ (15,187,681)</u>	<u>\$ 2,134,400</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	2170035192; 2170315191; 217034193; 2170034191; 2170033193; 2170033192; 2170085193; 2170085191; 2170080192; 2170080191; 2170070193; 2170070191; 2170060193; 2170060191; 2170040193; 2170040191
Grant Date	N/A
Bond Authorization Date	12/10/19
Bonds Authorized	\$ 35,416,740
Bonds Issued	\$ 35,416,000
Original Authorized Cost	\$ 35,416,740
Additional Authorized Cost	\$ (740)
Revised Authorized Cost	\$ 35,416,000
Percentage Decrease from Original Authorized Cost	-0.002%
Percentage Completion	93.97%
Original Target Completion Date	6/30/23

PROPRIETARY FUNDS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Major Funds		Total
	Summer Enrichment	Food Service	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 303,624	\$ 1,305,512	\$ 1,609,136
Accounts Receivable:			
State		5,060	5,060
Federal		299,913	299,913
Interfund Receivable		38,014	38,014
Inventories		40,963	40,963
Total Current Assets	<u>303,624</u>	<u>1,689,462</u>	<u>1,993,086</u>
Non-Current Assets			
Machinery and Equipment		870,644	870,644
Less: Accumulated Depreciation		<u>(649,136)</u>	<u>(649,136)</u>
Total Non-Current Assets		<u>221,508</u>	<u>221,508</u>
Total Assets	<u>303,624</u>	<u>1,910,970</u>	<u>2,214,594</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue	<u>216,583</u>	<u>167,470</u>	<u>384,053</u>
Total Liabilities	<u>216,583</u>	<u>167,470</u>	<u>384,053</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		221,508	221,508
Unrestricted	<u>87,041</u>	<u>1,521,992</u>	<u>1,609,033</u>
Total Net Position	<u>\$ 87,041</u>	<u>\$ 1,743,500</u>	<u>\$ 1,830,541</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Funds		Total
	Summer Enrichment	Food Service	
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 644,199	\$ 644,199
Miscellaneous Revenue - Summer Enrichment	\$ 170,502		170,502
Total operating revenue	170,502	644,199	814,701
Operating expenses:			
Cost of Sales (Reimbursable) Programs		239,060	239,060
Cost of sales (Non-Reimbursable) Programs		1,216,539	1,216,539
Salaries	62,529	1,034,464	1,096,993
Employee Benefits	5,638	290,472	296,110
Purchased Professional/Technical Services	9,805	138,548	148,353
Other Purchased Services	79,054	108,830	187,884
Supplies and Materials	13,476	58,918	72,394
Management Fee		238,197	238,197
Miscellaneous		171,582	171,582
Depreciation		32,420	32,420
Total Operating Expenses	170,502	3,529,030	3,699,532
Operating (Loss)		(2,884,831)	(2,884,831)
Non-Operating Revenue:			
State Sources:			
State school lunch program		72,480	72,480
Federal Sources:			
National school lunch program		3,086,202	3,086,202
National school breakfast program		960,782	960,782
Food distribution program		119,544	119,544
COVID-19 - Pandemic Electronic Benefit Transfer		628	628
Total Non-Operating Revenue		4,239,636	4,239,636
Change in net position before other item		1,354,805	1,354,805
Other Items:			
Other item - Cancellation of Prior Year Interfund Payable	(5,675)	5,675	
Total Other Items	(5,675)	5,675	
Change in Net Position	(5,675)	1,360,480	1,354,805
Net Position - Beginning of Year	92,716	383,020	475,736
Net Position - End of Year	\$ 87,041	\$ 1,743,500	\$ 1,830,541

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Funds		Total
	Summer Enrichment	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 215,200	\$ 644,199	\$ 859,399
Payments to Employees	(68,167)	(1,324,936)	(1,393,103)
Payments to Suppliers	(102,335)	(2,068,355)	(2,170,690)
Net Cash Provided by/(Used for) Operating Activities	44,698	(2,749,092)	(2,704,394)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(123,788)	(123,788)
Net Cash (Used for) Capital and Related Financing Activities		(123,788)	(123,788)
Cash Flows from Non-Capital Financing Activities:			
Cash Received from State Reimbursements		81,362	81,362
Cash Received from Federal Reimbursements		4,046,769	4,046,769
Net Cash Provided by Non-Capital Financing Activities		4,128,131	4,128,131
Net Increase in Cash and Cash Equivalents	44,698	1,255,251	1,299,949
Cash and Cash Equivalents, July 1	258,926	50,261	309,187
Cash and Cash Equivalents, June 30	\$ 303,624	\$ 1,305,512	\$ 1,609,136
Reconciliation of of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)		\$ (2,884,831)	\$ (2,884,831)
Adjustment to Reconcile Operating (Loss) to Cash Provided by Operating Activities:			
Depreciation		32,420	32,420
Federal Food Distribution Program		119,544	119,544
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable		3,082	3,082
Decrease in Inventory		29,893	29,893
Increase/(Decrease) in Unearned Revenue	\$ 44,698	(49,200)	(4,502)
Net Cash Provided by Operating Activities	\$ 44,698	\$ (2,749,092)	\$ (2,704,394)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$112,094 and utilized \$119,544 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2022.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Balance June 30, 2022
			Outstanding		Matured	Balance July 1, 2021	
			Date	Amount			
Refunding Bonds 2001	10/01/2001	\$ 25,300,000			\$ 1,720,000	\$ 1,720,000	
Referendum Bonds 2021		35,416,000	07/15/2022	\$ 1,476,000	2.000%		
			07/15/2023	1,515,000	2.000%		
			07/15/2024	1,555,000	2.000%		
			07/15/2025	1,595,000	2.000%		
			07/15/2026	1,630,000	2.000%		
			07/15/2027	1,675,000	2.000%		
			07/15/2028	1,715,000	2.000%		
			07/15/2029	1,760,000	2.000%		
			07/15/2030	1,800,000	2.000%		
			07/15/2031	1,845,000	2.000%		
			07/15/2032	1,890,000	2.000%		
			07/15/2033	1,940,000	2.000%		
			07/15/2034	1,990,000	2.000%		
		07/15/2035	2,040,000	2.000%			
		07/15/2036	2,090,000	2.000%			
		07/15/2037	2,140,000	2.000%			
		07/15/2038	2,195,000	2.000%			
		07/15/2039	2,250,000	2.000%			
		07/15/2040	2,315,000	2.000%			
						\$ 35,416,000	
						\$ 37,136,000	
						\$ 1,720,000	
						\$ 35,416,000	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Item	Interest Rate	Original Issue	Balance June 30, 2021	Matured	Balance June 30, 2022
Energy Savings Program	2.84%	\$ 16,085,000	\$ 11,648,226	\$ 623,937	\$ 11,024,289
Various Equipment Purchases	1.74%	676,267	137,569	137,569	
Various Equipment Purchases	1.20%	2,240,000	1,745,733	479,542	1,266,191
			\$ 13,531,528	\$ 1,241,048	\$ 12,290,480

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Purpose	Interest Rate	Original Issue	(Restated) Balance July 1, 2021	Matured	Balance June 30, 2022
Custodial Equipment	1.955%	\$ 188,585	\$ 115,335	\$ 37,703	\$ 77,632
Vehicles	2.143%	259,750	159,142	51,926	107,216
Technology	2.680%	2,732,741	1,136,643	560,806	575,837
Buses and Technology	2.753%	719,389	299,524	147,729	151,795
Buildings and Grounds	0.964%	2,192,136	2,192,136	430,057	1,762,079
Vehicles and Equipment; Buses					
New Phone System	1.027%	446,393	446,393	87,464	358,929
			\$ 4,349,173	\$ 1,315,685	\$ 3,033,488

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 2,058,887		\$ 2,058,887	\$ 2,058,887	
State Sources:					
Debt Service Aid Type II	740,305		740,305	740,305	
Total Revenue	2,799,192		2,799,192	2,799,192	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,079,192		1,079,192	1,079,192	
Redemption of Principal	1,720,000		1,720,000	1,720,000	
Total Regular Debt Service	2,799,192		2,799,192	2,799,192	
Total Expenditures	2,799,192		2,799,192	2,799,192	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	241,332		241,332	241,332	
Fund Balance, June 30	\$ 241,332	\$ -0-	\$ 241,332	\$ 241,332	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021*	2022
Governmental Activities/(Deficit)										
Net Investment in Capital Assets	\$ 43,150,725	\$ 43,995,299	\$ 44,936,246	\$ 45,360,739	\$ 47,960,948	\$ 48,345,680	\$ 48,812,190	\$ 50,405,821	\$ 34,102,808	\$ 59,835,556
Restricted	6,993,704	6,549,112	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566
Unrestricted	(1,794,075)	(1,929,994)	(26,827,089)	(27,805,456)	(31,114,694)	(32,460,603)	(32,754,758)	(33,329,139)	(31,091,641)	(26,656,741)
Total Governmental Activities Net Position	\$ 48,350,355	\$ 48,614,417	\$ 25,083,344	\$ 25,212,849	\$ 23,764,187	\$ 21,657,121	\$ 22,074,222	\$ 27,040,542	\$ 35,039,762	\$ 52,185,381
Business-Type Activities/(Deficit)										
Investment in Capital Assets	\$ 26,144	\$ 21,308	\$ 136,519	\$ 136,619	\$ 121,390	\$ 106,161	\$ 90,931	\$ 75,810	\$ 130,138	\$ 221,508
Unrestricted/(Deficit)	72,846	2,627	(60,230)	(93,185)	(49,064)	(52,566)	43,247	(249,848)	345,599	1,609,033
Total Business-Type Activities Net Position	\$ 98,990	\$ 23,935	\$ 76,290	\$ 43,434	\$ 72,326	\$ 53,594	\$ 134,178	\$ (174,037)	\$ 475,737	\$ 1,830,541
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 43,176,869	\$ 44,016,607	\$ 45,072,765	\$ 45,497,358	\$ 48,082,338	\$ 48,451,841	\$ 48,903,122	\$ 50,481,632	\$ 34,232,946	\$ 60,057,064
Restricted	6,993,704	6,549,112	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566
Unrestricted	(1,721,228)	(1,927,367)	(26,887,318)	(27,898,640)	(31,163,758)	(32,513,169)	(32,711,512)	(33,578,986)	(30,746,043)	(25,047,708)
Total District Net Position	\$ 48,449,345	\$ 48,638,353	\$ 25,159,634	\$ 25,256,284	\$ 23,836,513	\$ 21,710,716	\$ 22,208,400	\$ 26,866,505	\$ 35,515,499	\$ 54,015,922

* Restated

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction	\$ 71,821,124	\$ 73,091,516	\$ 74,316,776	\$ 77,204,533	\$ 78,511,939	\$ 105,084,161	\$ 102,579,914	\$ 96,046,100	\$ 110,596,249	\$ 89,231,641
Support Services:										
Tuition	2,961,675	2,264,367	3,112,935	2,507,495	2,459,697	2,495,989	1,904,426	2,258,300	2,040,288	2,040,288
Student and Instruction Related Services	20,440,770	19,383,767	18,676,091	20,778,860	21,587,315	28,407,728	28,738,881	25,914,555	26,151,901	20,902,343
General Administrative Services	3,867,824	4,296,064	4,243,278	4,601,059	4,640,663	5,973,852	5,474,583	5,147,570	1,765,703	2,127,668
School Administrative Services	5,476,622	5,497,368	5,773,292	5,782,943	6,113,463	7,996,281	7,970,791	7,712,198	7,247,321	6,376,475
Plant Operations and Maintenance	9,586,612	9,422,191	9,301,598	9,044,922	9,530,527	12,468,507	13,190,510	12,284,432	10,570,516	10,159,497
Pupil Transportation	7,496,441	7,149,961	6,984,429	8,077,406	8,028,302	9,594,801	8,940,841	8,837,432	7,327,551	10,316,670
Central Services									1,765,926	1,762,932
Administrative Information Technology									947,590	1,427,760
Charter Schools	40,388	70,901						219,974		286,095
SDA Debt Service Assessment	71,124	71,124	71,124	71,124	71,124	71,124	71,124	71,124	71,124	71,124
Interest on Long-Term Debt	1,113,515	993,413	870,874	747,576	824,247	501,111	377,744	225,420	731,907	768,069
Total Governmental Activities Expenses	122,876,096	122,240,672	123,350,397	128,815,918	131,767,277	172,593,554	169,248,814	158,717,105	167,104,664	145,399,438
Business-Type Activities:										
Food Service	2,435,393	2,400,677	2,405,081	2,708,138	2,726,770	2,791,241	2,744,933	2,169,187	2,233,975	3,529,030
Summer Enrichment	156,446	157,281	168,150	205,965	153,995	151,287	95,460	150,697	8,439	170,502
Total Business-Type Activities Expense	2,591,839	2,557,958	2,573,231	2,914,103	2,880,765	2,942,528	2,840,393	2,319,884	2,242,414	3,699,532
Total District Expenses	125,467,935	124,798,630	125,923,628	131,730,021	134,648,042	175,536,082	172,089,207	161,036,989	169,347,078	149,098,970
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	9,046	7,242	4,320	7,920	2,498	900		24,945	480,707	523,734
Student & Instruction Related Services	479,737	445,901	343,560	240,463	137,335					782,991
Interest on Long-Term Debt	16,781,951	18,342,673	16,957,459	17,915,136	17,678,868	54,319,949	50,753,540	42,436,321	46,216,832	37,516,665
Operating Grants and Contributions	17,270,734	18,795,816	17,305,339	18,163,519	17,818,701	54,320,849	50,753,540	42,461,266	46,697,539	38,823,390
Total Governmental Activities Program Revenues	18,772,568	19,391,532	18,611,279	19,036,038	18,443,302	109,641,147	102,261,029	87,375,872	93,405,078	77,646,720
Business-Type Activities:										
Charges for Services:										
Food Service	1,871,520	1,856,664	1,939,777	2,129,701	2,168,114	2,169,422	2,324,965	1,478,899	2,029	644,199
Summer Enrichment	150,062	161,627	176,671	212,789	191,586	171,745	78,731	81,220	38,664	170,502
Operating Grants and Contributions	472,733	464,613	509,138	538,758	549,953	582,629	517,280	451,550	2,771,523	4,239,636
Total Business-Type Activities Program Revenues	2,494,315	2,482,904	2,625,586	2,881,248	2,909,653	2,923,796	2,920,976	2,011,669	2,812,216	5,054,337
Total District Program Revenues	19,765,049	21,278,720	19,930,925	21,044,767	20,728,354	57,244,645	53,674,516	44,472,935	49,509,755	43,877,727

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CHANGES IN NET POSITION, LAST NINE FISCAL YEARS
LAST TEN FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)

UNAUDITED
(CONTINUED)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue:										
Governmental Activities	\$ (105,605,361)	\$ (103,444,856)	\$ (106,045,058)	\$ (110,652,399)	\$ (113,948,576)	\$ (118,272,705)	\$ (118,495,274)	\$ (116,255,839)	\$ (120,407,125)	\$ (106,576,048)
Business-Type Activities	(97,524)	(75,054)	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805
Total District-Wide Net Expense	(105,702,885)	(103,519,910)	(105,992,703)	(110,685,254)	(113,919,688)	(118,291,437)	(118,414,691)	(116,564,054)	(119,837,323)	(105,221,243)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	78,801,775	79,952,811	83,613,861	86,986,137	88,725,860	91,982,597	95,517,733	98,311,708	100,277,942	102,283,501
Taxes Levied for Debt Service	3,335,779	2,520,448	2,550,932	2,558,012	2,550,932	2,580,251	2,472,427	2,364,796	2,252,361	2,058,887
Unrestricted Grants and Contributions	19,793,975	19,887,110	20,070,010	20,079,684	20,063,162	20,732,669	19,576,367	19,090,699	23,000,176	18,215,674
Tuition (other than special schools)	433,726	434,471	687,242	673,034	424,955	611,870	599,420	445,099		
Investment Earnings	14,422	11,473	19,273	16,062	21,022	20,411	143,028	71,962		
Miscellaneous Income	745,422	380,739	246,399	576,495	514,183	737,843	603,401	937,895	952,065	1,163,605
Adjustment to Capital Assets	(681,966)					(500,000)				
N.J. Economic Development Authority Grant		521,866		(107,520)						
Other Item - SDA Grants Cancelled										
Total Governmental Activities	102,443,133	103,708,918	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667
Total District-Wide	102,443,133	103,708,918	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667
Change in Net Position:										
Governmental Activities	(3,162,228)	264,062	1,142,659	129,505	(1,648,462)	(2,107,064)	417,102	4,966,320	8,075,419	17,145,619
Business-Type Activities	(97,524)	(75,054)	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805
Total District	\$ (3,259,752)	\$ 189,008	\$ 1,195,014	\$ 96,650	\$ (1,619,574)	\$ (2,125,796)	\$ 497,685	\$ 4,658,105	\$ 8,645,221	\$ 18,500,424

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 7,208,553	\$ 6,301,075	\$ 6,787,238	\$ 7,975,802	\$ 8,741,241	\$ 5,665,868	\$ 5,871,549	\$ 10,919,456	\$ 14,342,833	\$ 15,790,262
Assigned	94,429	96,434	161,280	38,892	4,445	14,032	236,389	662,117	1,550,237	2,609,049
Unassigned	192,883	96,434	309,942	304,876	(44,021)	17,824	280,711	(11,692)	2,656,584	2,609,049
Total General Fund	\$ 7,495,865	\$ 6,397,509	\$ 7,258,460	\$ 8,280,678	\$ 8,736,112	\$ 5,688,137	\$ 6,166,292	\$ 11,144,153	\$ 17,661,534	\$ 19,949,548
All Other Governmental Funds:										
Restricted:										
Special Revenue Fund									\$ 738,532	\$ 840,572
Capital Projects Fund	\$ 521,866	\$ 521,866	\$ 263,566	\$ (116,352)	\$ (1,704,267)	\$ 227,733	\$ 227,733	\$ (910,389)	\$ 17,322,081	\$ 2,134,400
Debt Service Fund			1	1	8,020	8,545	11,840	13,434	241,332	241,332
Total All Other Governmental Funds	\$ -0-	\$ 521,866	\$ 263,567	\$ (116,351)	\$ (1,696,247)	\$ 236,278	\$ 239,573	\$ (896,955)	\$ 18,301,945	\$ 3,216,304

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$ 82,497,694	\$ 82,919,160	\$ 86,506,354	\$ 89,782,613	\$ 91,414,127	\$ 94,562,848	\$ 97,990,160	\$ 100,676,506	\$ 102,530,303	\$ 104,342,388
Tuition Charges	482,169	441,713	691,562	680,954	427,452	612,770	599,420	470,044		523,734
Interest Earned on Investments	14,423	11,473	19,273	18,062	21,022	20,411	143,028	71,962		
Miscellaneous	768,313	389,882	258,206	634,123	546,623	778,910	702,232	937,895	1,477,269	1,972,741
State Sources	37,539,588	36,121,041	35,092,820	35,868,632	35,711,725	45,324,156	47,678,141	46,814,533	50,688,682	55,884,152
Federal Sources	2,103,894	2,099,599	1,924,841	2,068,559	1,997,866	1,791,023	2,132,428	1,979,890	2,214,641	2,570,307
Total Revenue	123,406,081	121,982,868	124,493,056	129,052,943	130,118,815	143,090,118	149,245,409	150,950,830	156,910,895	165,293,322
Expenditures:										
Instruction:										
Regular Instruction	34,468,846	34,418,825	34,499,423	34,766,880	34,983,211	35,348,459	36,074,650	34,132,872	34,192,445	36,395,767
Special Education Instruction	9,352,763	10,599,144	11,290,657	12,445,328	12,548,244	12,800,950	13,115,116	13,085,274	15,396,693	13,899,569
Other Special Instruction										5,314,727
Other Instruction	6,245,640	6,375,914	6,825,498	6,885,244	7,004,993	7,230,692	7,150,291	6,851,120	6,729,474	1,430,926
Support Services:										
Tuition	2,961,675	2,264,367	3,112,935	2,507,496	2,459,697	2,495,869	1,904,426	2,258,300	3,812,134	2,040,288
Student and Instruction Related Services	15,999,212	14,907,498	14,465,452	16,154,455	16,594,833	17,216,328	18,203,147	16,250,624	17,298,380	18,744,579
School Administrative Services	3,820,013	3,992,841	4,013,734	4,059,882	4,131,759	4,203,681	4,332,317	4,286,205	4,219,128	4,319,823
General Administrative Services	3,015,627	3,374,885	3,413,894	3,617,371	3,672,566	3,711,730	3,557,269	3,502,386	1,781,882	1,705,902
Plant Operations and Maintenance	7,972,433	7,876,006	7,588,763	7,734,581	8,934,085	9,935,499	9,666,826	9,020,361	8,694,493	10,177,411
Pupil Transportation	7,169,734	6,755,219	6,625,351	7,610,768	7,474,757	8,369,643	8,441,655	8,447,503	8,823,118	9,621,521
Central Services & Administrative IT									1,935,362	2,365,780
Unallocated Benefits	27,928,808	27,698,139	27,288,897	28,524,425	28,356,256	39,451,382	43,138,923	44,893,596	43,093,738	51,274,554
Transfer to Charter Schools	40,368	70,901						219,974		286,095
Debt Service:										
Principal	3,285,000	2,485,000	2,515,000	2,520,000	2,515,000	4,442,000	2,505,000	2,500,000	2,490,000	1,720,000
Interest and Other Charges	1,164,293	1,028,861	906,805	783,588	680,179	636,962	413,515	291,110	731,907	1,079,192
Capital Outlay	796,449	17,318,624	1,343,996	693,105	1,887,698	970,639	260,825	1,370,173	20,582,677	17,714,816
Total Expenditures	124,220,861	139,166,224	123,890,405	128,303,123	131,243,278	146,813,834	148,763,960	147,109,498	169,781,431	178,090,950
Excess (Deficiency) of Revenues Over (Under) Expenditures	(814,780)	(17,183,356)	602,651	749,820	(1,124,463)	(3,723,716)	481,449	3,841,332	(12,870,536)	(12,797,628)

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Bond Anticipation Note Funded										
Bond Proceeds		\$ 521,868		\$ (107,520)		\$ 1,932,000			\$ 35,416,000	
New Jersey E.D.A. Grants		16,085,000				676,267			2,240,000	
Capital Leases (Non-Budgeted)			\$ 782,800	156,046	\$ 8,019	1,265,735	\$ 2,869	\$ 1,594	227,733	
Transfers In			(782,800)	(156,046)	(8,019)	(1,265,735)	(2,869)	(1,594)	(227,733)	
Transfers Out		16,606,868		(107,520)		2,608,267			37,656,000	
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ (814,780)	\$ (576,488)	\$ 602,651	\$ 642,300	\$ (1,124,463)	\$ (1,115,449)	\$ 481,449	\$ 3,841,332	\$ 24,785,464	\$ (12,797,628)
Debt Service as a Percentage of Noncapital Expenditures	3.74 %	2.97 %	2.87 %	2.66 %	2.53 %	3.61 %	2.00 %	1.95 %	2.21 %	1.78 %

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2013	\$ 14,422	\$ 48,443	\$ (72,952)	\$ 367,066	\$ 356,980
2014	11,473	7,242	317,739	434,471	770,925
2015	19,273	4,320	221,413	687,242	932,248
2016	18,062	7,920	576,495	673,034	1,275,511
2017	13,003	2,498	514,183	424,955	954,638
2018	19,972	900	737,758	611,870	1,370,499
2019	140,159		603,400	599,420	1,342,979
2020	70,368	24,945	894,245	445,099	1,434,657
2021	29,721	19,000	767,991	135,353	952,065
2022	31,440		1,132,165	523,734	1,687,339

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 84,298,100	\$ 4,649,775,500	\$ 95,306,200	\$ 407,528,300	\$ 217,971,900	\$ 87,351,900	\$ 5,542,231,900	\$ 10,701,416	\$ 5,552,933,316	\$ 1.45	\$ 5,963,379,480
2013	87,720,500	4,582,350,500	96,779,600	410,390,900	213,326,100	87,255,000	5,477,822,600	3,627,426	5,481,450,026	1.47	6,057,356,261
2014	77,480,700	4,596,927,400	95,248,000	397,914,100	193,664,500	95,970,600	5,457,205,300	3,035,857	5,460,241,157	1.54	5,676,041,481
2015	74,521,700	4,653,158,000	95,210,600	397,202,200	191,400,800	102,671,900	5,514,165,200	3,100,424	5,517,265,624	1.58	5,687,530,358
2016	71,014,800	4,740,155,800	93,680,300	417,265,100	191,549,700	106,781,700	5,620,447,400	3,047,705	5,623,495,105	1.60	5,816,900,054
2017	75,691,300	4,833,831,900	66,005,000	436,936,200	193,376,000	106,035,200	5,711,875,600	3,042,893	5,714,918,493	1.60	6,978,904,846
2018	68,712,100	5,016,174,200	85,528,600	410,565,800	198,596,900	148,154,700	5,927,732,300	3,109,514	5,930,841,814	1.61	6,196,928,665
2019	64,894,900	5,217,400,700	80,968,100	428,899,100	195,673,200	164,173,700	6,152,009,700	3,168,769	6,155,178,469	1.60	6,878,244,527
2020	71,551,400	5,388,809,700	78,937,700	437,773,500	199,607,400	163,647,300	6,340,327,000	3,225,519	6,343,552,519	1.59	6,545,829,455
2021	74,371,100	5,585,252,100	79,489,500	469,093,400	211,585,600	163,647,300	6,583,439,000	3,366,855	6,586,805,855	1.56	6,741,182,675

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

^b Tax rates are per \$100

* Revaluation/reassessment effective in this year.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(RATE PER \$100 OF ASSESSED VALUE)
UNAUDITED

Year Ended December 31,	Township of Hillsborough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Hillsborough	Somerset County	
2012	\$ 1.37	\$ 0.08	\$ 1.45	\$ 0.34	\$ 0.40	\$ 2.19
2013	1.39	0.08	1.47	0.37	0.41	2.25
2014	1.47	0.06	1.54	0.39	0.41	2.33
2015	1.52	0.06	1.58	0.39	0.41	2.38
2016	1.54	0.06	1.60	0.40	0.41	2.41
2017	* 1.54	0.06	1.60	0.40	0.42	2.42
2018	1.52	0.08	1.61	0.40	0.41	2.42
2019	1.55	0.05	1.60	0.35	0.42	2.36
2020	1.54	0.04	1.59	0.34	0.41	2.34
2021	1.53	0.03	1.56	0.34	0.40	2.30

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

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

* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Collector and School Business Administrator

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2022	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Brookhaven Lofts, LLC	\$ 1,297,371	0.02 %
Texas Eastern Transmission	1,099,918	0.02 %
Sunnymeade Run	963,150	0.02 %
KO Hillsborough 44A Inc	899,462	0.01 %
Beekman Gardens Associates	586,413	0.01 %
Nelson's Corner Associates	489,640	0.01 %
Hillsborough Gardens Assoc.	459,816	0.01 %
RB Manufacturing	438,050	0.01 %
Foothill Estates	422,640	0.01 %
Hillsborough Park	361,590	0.01 %
Total	\$ 7,018,050	0.11 %

	2013	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value

NOT AVAILABLE

Source: Municipal Tax Assessor

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 82,497,694	\$ 82,497,694	100.00 %	-0-
2014	62,919,160	62,919,160	100.00 %	-0-
2015	86,508,354	86,508,354	100.00 %	-0-
2016	89,782,613	89,782,613	100.00 %	-0-
2017	91,414,127	91,414,127	100.00 %	-0-
2018	94,562,848	94,562,848	100.00 %	-0-
2019	97,990,160	97,990,160	100.00 %	-0-
2020	100,676,506	100,676,506	100.00 %	-0-
2021	102,530,303	102,530,303	100.00 %	-0-
2022	104,342,388	104,342,388	100.00 %	-0-

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

Source: Township of Hillsborough records including the Certificate and Report of School Taxes (A4F form).

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases Payable	Leases Payable	Bond Anticipation Notes (BANs)			
2013	\$ 21,760,000				\$ 21,760,000	0.33 %	\$ 558
2014	19,275,000	\$ 16,085,000			35,360,000	0.21 %	906
2015	16,760,000	16,085,000			32,845,000	0.24 %	836
2016	14,240,000	15,905,000			30,145,000	0.28 %	766
2017	11,725,000	14,824,826		\$ 1,932,000	28,481,826	0.31 %	723
2018	9,215,000	14,259,565	\$ 6,556,767		30,031,332	0.39 %	762
2019	6,710,000	13,401,145	5,884,799		25,995,944	0.49 %	654
2020	4,210,000	12,514,874	5,126,928		21,851,802	0.63 %	545
2021	37,136,000	13,531,527	4,349,174		55,016,701	0.22 %	1,372
2022	35,416,000	12,290,480	3,033,489		50,739,969	1.15 %	1,265

^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.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 21,760,000	\$ -0-	\$ 21,760,000	0.39 %	\$ 558
2014	19,275,000	-0-	19,275,000	0.35 %	494
2015	16,760,000	-0-	16,760,000	0.31 %	427
2016	14,240,000	-0-	14,240,000	0.26 %	362
2017	11,725,000	-0-	11,725,000	0.21 %	298
2018	9,215,000	-0-	9,215,000	0.16 %	234
2019	6,710,000	-0-	6,710,000	0.11 %	169
2020	4,210,000	-0-	4,210,000	0.07 %	105
2021	37,136,000	-0-	37,136,000	0.59 %	926
2022	35,416,000	-0-	35,416,000	0.54 %	883

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

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

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

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Hillsborough	\$ 30,175,322	100.00 %	\$ 30,175,322
County of Somerset General Obligation Debt	228,271,943	7.02 %	16,014,263
County of Somerset Improvement Authority Debt	144978357	7.02 %	10,170,858
Subtotal, Overlapping Debt			56,360,443
Township of Hillsborough School District Direct Debt			<u>35,416,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 91,776,443</u></u>

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2021 \$ 6,691,928,315
	2020 6,836,669,183
	2019 6,691,928,315
	\$ 20,220,525,813
Average Equalized Valuation of Taxable Property	\$ 6,740,175,271
Debt Limit (4% of Average Equalization Value)	\$ 269,607,011 ^a
Net Bonded School Debt Issued and Unissued	35,416,000
Legal Debt Margin	\$ 234,191,011

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 246,791,955	\$ 254,213,237	\$ 261,260,969	\$ 230,098,520	\$ 269,607,011
Total Net Debt Applicable to Limit	9,215,000	6,710,000	4,210,000	37,136,000	35,416,000
Legal Debt Margin	\$ 237,576,955	\$ 147,889,928	\$ 257,050,969	\$ 192,962,520	\$ 234,191,011
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.73 %	2.64 %	1.61 %	16.14 %	13.14 %

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 240,414,759	\$ 237,248,873	\$ 235,338,708	\$ 234,700,839	\$ 239,198,676
Total Net Debt Applicable to Limit	21,760,000	19,275,000	16,760,000	14,240,000	11,725,000
Legal Debt Margin	\$ 218,654,759	\$ 217,973,873	\$ 218,578,708	\$ 220,460,839	\$ 227,473,676
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.05 %	8.12 %	7.12 %	6.07 %	4.90 %

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Somerset County Per Capita Personal Income ^b	Personal Income ^c	Unemployment Rate ^d
2013	38,999	\$ 71,429	\$ 2,785,659,571	5.90%
2014	39,045	75,156	2,934,466,020	4.60%
2015	39,277	78,451	3,081,319,927	4.00%
2016	39,348	83,429	3,282,764,292	3.70%
2017	39,388	88,447	3,483,750,436	3.50%
2018	39,432	92,514	3,648,012,048	3.20%
2019	39,724	99,189	3,940,183,836	2.70%
2020	40,081	105,161	4,214,958,041	7.10%
2021	40,105	109,916	4,408,181,180	5.70%
2022	40,105 **	109,916 *	4,408,181,180 ***	N/A

N/A - Not Available

* - Latest Somerset County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2021) was used for calculation purposes.

*** - Latest available population data (2020) and latest available Somerset County per capita personal income (2020) was used for calculation purposes.

Source: ^a Population information provided by the NJ Dept of Labor and Workforce Development
^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
^c Personal income has been estimated based upon the municipal population and per capita personal income presented
^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS - SOMERSET COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	<u>2022</u>		<u>2013</u>	
	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
				<u>Percentage of Total Employment</u>
AT&T		4,100	AT&T	3,000
Janssen Pharmaceuticles, Inc.		1,800	Verizon Wireless	930
The Chubb Corporation		1,800	Dendrite	700
Johnson and Johnson Pharmaceuticals		1,700	Fiddler's Elbow Country Club	210
Bloomberg		1,380	Trump National	400
Ethicon, Inc.		1,100	Falrion Technologies	200
E-Z Go		1,050	Hamilton Farms	175
Personal Products Company (J&J)		1,000	Kings	120
Orth Clinical Diagnostics		1,000	Bedminster Township Board of Education	100
Hooper Homes Inc.		900	Loral Skynet	80
Total		<u>15,830</u>		<u>5,915</u>

Source: County of Somerset

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction:										
Regular	645	650	651	655	652	653	653	683	716	727
Support Services:										
Attendance			1	2	1	1	1			
Health Services	11	11	11	11	12	12	12	12	12	11
Related Services	20	17	17	17	23	26	26	25	27	25
Extraordinary Services	92	93	94	94	92	96	111	94	115	167
Guidance Professional	20	21	21	21	22	25	27	27	27	27
Guidance Support	1	2	2	2	2	2	2			2
Child Study Team Professional	23	24	24	24	25	26	26	25	26	25
Child Study Team Staff	4	5	5	5	4	5	5	3	3	3
Improvement of Instruction Supervisors	6	6	7	7	7	7	6	7	7	7
Improvement of Instruction Support	2	2	3	3	3	3	3	4	3	3
Media Services	10	12	12	12	10	10	10	10	10	9
Instructional Staff Training Services								1	1	1
General administrative Professional	7	7	7	7	6	6	6	1	2	4
General administrative Support	4	4	4	4	3	3	3	3	3	6
School Administrative Professional	20	21	20	20	17	17	17	21	21	16
School Administrative Support	31	31	31	31	27	28	28	30	28	28
Central Services Professional	3	6	6	6	8	8	8	3	3	3
Central Services Support	8	8	7	7	13	13	13	9	13	15
Technology	11	11	11	11	13	13	12	9	10	12
Operations and Maintenance	101	100	100	98	114	128	128	123	114	121
Transportation	34	32	32	31	28	33	35	47	69	55
Total	1,053	1,063	1,066	1,068	1,082	1,115	1,132	1,137	1,210	1,267

Source: Hillsborough Township Public School District Personnel Records

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^d	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	7,209	\$ 118,995,119	\$ 16,506	6.32%	742	9.7	7,231	6,915	-2.27%	95.63%
2014	7,197	118,333,739	16,442	-0.39%	747	9.6	7,233	6,929	0.03%	95.80%
2015	7,210	119,124,604	16,522	0.49%	745	9.7	7,230	6,967	-0.04%	96.36%
2016	7,201	124,306,429	17,262	4.48%	747	9.6	7,319	7,037	1.23%	96.15%
2017	7,275	126,070,401	17,329	0.39%	743	9.8	7,271	6,988	-0.66%	96.11%
2018	7,345	140,664,232	19,151	10.51%	745	9.9	7,349	7,046	1.07%	95.88%
2019	7,406	145,584,620	19,658	2.65%	756	9.8	7,419	7,123	0.95%	96.01%
2020	7,486	142,948,215	19,095	-2.86%	728	10.3	7,432	7,177	0.18%	96.57%
2021	7,234	146,540,446	20,257	6.08%	716	10.1	7,220	7,043	-2.85%	97.55%
2022	7,233	157,576,942	21,786	7.55%	727	9.9	7,223	6,900	0.04%	95.53%

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

Note: Enrollment based on annual October district count.

Source: Hillsborough Township Public Schools Financial Records

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Buildings</u>										
Elementary Schools:										
Amsterdam Elementary (1990)										
Square Feet	53,045	53,045	53,045	53,045	53,045	53,045	58,233	58,233	58,233	58,233
Capacity (students)	600	600	600	600	600	600	506	506	506	506
Enrollment	496	492	487	532	548	512	511	502	502	422
Hillsborough Elementary (1949)										
Square Feet	64,810	64,810	64,810	64,810	64,810	64,810	68,980	68,980	68,980	68,980
Capacity (students)	600	600	600	600	600	600	518	518	518	518
Enrollment	645	493	516	501	466	499	520	536	478	477
Sunnymead Elementary (1959)										
Square Feet	50,001	50,001	50,001	50,001	50,001	50,001	51,450	51,450	51,450	51,450
Capacity (students)	600	600	600	600	600	600	459	459	459	459
Enrollment	371	395	416	451	430	461	489	501	492	492
Triangle Elementary {1960}										
Square Feet	47,435	47,435	47,435	47,435	47,435	47,435	52,095	52,095	52,095	52,095
Capacity (students)	600	600	600	600	600	600	443	443	443	443
Enrollment	386	392	370	377	357	389	369	353	356	356
Woodfern Elementary (1960)										
Square Feet	47,041	47,041	47,041	47,041	47,041	47,041	51,830	51,830	51,830	51,830
Capacity (students)	600	600	600	600	600	600	481	481	481	481
Enrollment	379	396	390	356	346	343	363	374	338	338
Wood Road Elementary (1967)										
Square Feet	58,176	58,176	58,176	58,176	58,176	58,176	59,746	59,746	59,746	59,746
Capacity (students)	600	600	600	600	600	600	600	529	529	529
Enrollment	470	467	472	488	483	481	474	476	399	398
Intermediate School:										
Auten Road Intermediate School (1998)										
Square Feet	120,335	120,335	120,335	120,335	120,335	120,335	177,374	177,374	177,374	177,374
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,300	1,242	1,242	1,242	1,242
Enrollment	1,133	1,139	1,097	1,152	1,168	1,138	1,164	1,189	1,156	1,157
Middle School:										
Hillsborough Middle School (1975)										
Square Feet	165,811	165,811	165,811	165,811	165,811	165,811	176,000	176,000	176,000	176,000
Capacity {students}	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,105	1,125	1,153	1,197	1,178	1,198	1,208	1,223	1,212	1,219
High School:										
Hillsborough High School (1967)										
Square Feet	314,615	314,615	314,615	314,615	314,615	314,615	375,913	375,913	375,913	375,913
Capacity (students)	2,600	2,600	2,600	2,600	2,600	2,600	2,334	2,334	2,334	2,334
Enrollment	2,219	2,261	2,228	2,255	2,255	2,255	2,308	2,308	2,308	2,369
Number of Schools at June 30, 2022										
Elementary = 6										
Intermediate School = 1										
Middle School = 1										
High School = 1										

Source: Hillsborough Township Public Schools District Facilities Office

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities
Account # 11-000-261-xxx

Fiscal Year Ended June 30,	Hillsborough	Hillsborough	Amten Road	Amsterdam	Hillsborough	Sunnymead	Triangle	Woodfern	Wood Road	Total
	High School	Middle School	Intermediate School	Elementary School	Elementary School	Elementary School	Elementary School	Elementary School	Elementary School	
2013	\$ 222,071	\$ 133,346	\$ 86,347	\$ 14,060	\$ 19,379	\$ 14,134	\$ 10,951	\$ 35,997	\$ 21,290,000	\$ 557,575
2014	187,520	72,339	77,045	36,037	26,259	17,327	22,772	35,221	20,649	495,169
2015	191,050	101,457	54,304	24,410	40,798	28,583	30,150	59,126	45,695	575,573
2016	187,411	93,548	74,357	36,162	35,178	15,939	23,360	36,097	39,532	541,584
2017	686,901	271,395	223,149	39,496	77,105	29,595	26,943	42,935	52,190	1,449,709
2018	682,769	366,055	150,357	92,470	205,105	39,254	135,246	62,436	286,340	2,020,032
2019	212,764	22,115	48,133	18,285	31,790	43,878	38,521	29,001	38,260	482,747
2020	131,029	58,439	40,478	15,037	19,572	(3,232)	11,043	17,173	25,725	315,264
2021	82,646	12,253	10,229	4,771	17,559	2,271	2,870	4,743	4,036	141,378
2022	319,084	149,393	150,559	49,429	58,552	43,672	44,219	43,994	50,714	909,616

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

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

SINGLE AUDIT SECTION



Mount Arlington, NJ
 Newton, NJ
 Bridgewater, NJ

973.298.8500
 nisivoccia.com

Independent Member
 BKR International

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hillsborough Township Public Schools, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2022. That report included a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

Report on 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

The Honorable President and Members
of the Board of Education
Hillsborough Township Public Schools
Page 2

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

December 5, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP

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



Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Hillsborough Township Public Schools (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

The Honorable President and Members
of the Board of Education
Hillsborough Township Public Schools
Page 2

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

The Honorable President and Members
of the Board of Education
Hillsborough Township Public Schools
Page 3

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 Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

December 5, 2022
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expendi- tures	Balance at June 30, 2022	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			Budgetary Unearned Revenue	Budgetary Accounts Receivable
<u>U.S. Department of Agriculture:</u>										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.555	N/A	7/1/21-6/30/22	\$ 112,094	\$	\$ 112,094	\$ (97,525)	\$ 14,569		
Federal Food Distribution Program	10.555	N/A	7/1/20-6/30/21	104,272	\$	22,019	(22,019)			
COVID-19 Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	4,046,983		3,747,071	(4,046,984)		\$ (299,913)	
COVID-19 Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	2,536,264	(299,072)	299,072				
Emergency Operation Cost Reimbursement										
Program-Schools	10.555	N/A	7/1/20-6/30/21	37,400	(37,400)	37,400	(628)			
Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/21-6/30/22	628		628				
Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/20-6/30/21	614	(614)	614				
Total Child Nutrition Cluster					(315,067)	4,196,879	(4,167,156)	14,569	(299,913)	
Total U.S. Department of Agriculture					(315,067)	4,196,879	(4,167,156)	14,569	(299,913)	
<u>U.S. Department of Health and Human Services:</u>										
General Fund:										
Medicaid Cluster:										
Medical Assistance Program	93.778	N/A	7/1/21-6/30/22	39,348		39,348	(39,348)			
Total General Fund/Medicaid Cluster						39,348	(39,348)			
<u>U.S. Department of Education:</u>										
Passed-through State Department of Education:										
Special Revenue Fund:										
ESEA:										
Title I	84.010	ESEA-2170-22	7/1/21-9/30/22	231,413		158,659	(191,735)		(33,076)	
Title I	84.010	ESEA-2170-21	7/1/20-9/30/21	182,260	(6,009)	6,009				
Total Title I					(6,009)	164,668	(191,735)		(33,076)	
Title IIA	84.367A	ESEA-2170-22	7/1/21-9/30/22	270,236		79,223	(101,736)		(22,513)	
Title IIA	84.367A	ESEA-2170-21	7/1/20-9/30/21	224,979	(12,310)	24,810	(12,500)			
Total Title IIA					(12,310)	104,033	(114,236)		(22,513)	
Title III	84.365	ESEA-2170-22	7/1/21-9/30/22	116,542		10,325	(8,000)		2,325	
Title III	84.365	ESEA-2170-21	7/1/20-9/30/21	89,075	(2,79)	2,604	(2,325)			
Total Title III					(2,79)	12,929	(10,325)		2,325	
Special Education Cluster:										
ID.E.A. Part B, Basic Regular	84.027	IDEA-2170-22	7/1/21-9/30/22	2,094,829		1,116,876	(1,599,708)		(482,832)	
ID.E.A. Part B, Basic Regular	84.027	IDEA-2170-21	7/1/20-9/30/21	1,948,486	(265,806)	265,806				
ID.E.A. Part B, Preschool	84.173	IDEA-2170-22	7/1/21-9/30/22	55,362		49,829	(55,362)		(5,533)	
ID.E.A. Part B, Preschool	84.173	IDEA-2170-21	7/1/20-9/30/21	55,002	(1,816)	1,816				
ARP - ID.E.A. Part B, Basic Regular	84.027X	N/A	3/13/20-9/30/22	317,306			(876)		(876)	
ARP - ID.E.A. Preschool	84.173X	N/A	3/13/20-9/30/22	27,075			(90)		(90)	
Total Special Education Cluster					(267,622)	1,434,327	(1,656,036)		(489,331)	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expendi- tures	Balance at June 30, 2022		Amounts Paid to Subrecipients	
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor			Budgetary Unearned Revenue	Budgetary Accounts Receivable		
Education Stabilization Fund:												
COVID 19 - CARES Emergency Relief Grant	84-425D	N/A	3/13/20-9/30/22	\$ 134,271	\$ 6,955	\$ (6,955)						
COVID 19 - CRRSA ESSER II	84-425D	N/A	3/13/20-9/30/23	521,698	100,997	(487,672)		\$ (386,675)				
COVID 19 - CRRSA Learning Acceleration	84-425D	N/A	3/13/20-9/30/23	33,480	8,276	(15,068)		(6,792)				
COVID 19 - ESSER II Mental Health	84-425D	N/A	3/13/20-9/30/23	45,000	12,494	(15,819)		(3,325)				
COVID-19 - ARP - ESSER III	84-425U	N/A	3/13/20-9/30/24	1,172,482		(86,009)		(86,009)				
COVID-19 - ARP - Accelerated Learning												
Coaching and Educator Support	84-425U	N/A	3/13/20-9/30/24	597,386	128,722	(16,289)		(16,289)				
Total Education Stabilization Fund						(627,812)		(499,090)				
Total U.S. Department of Education					\$ (286,220)		1,844,679	(2,600,144)		(1,041,685)		
U.S. Department of Treasury:												
Passed-through State Department of Education: ASCERS	21.027	N/A	7/1/21-6/30/22	54,695		(54,695)		(54,695)				
Total U.S. Department of Treasury						(54,695)		(54,695)				
Total Special Revenue Fund					(286,220)		1,844,679	(2,654,839)		(1,096,380)		
Total Federal Awards					(601,287)		6,080,906	(6,861,343)	\$ 14,569	\$ (1,396,293)	\$ -0-	

N/A - Not Available/Applicable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022		Memo	
				Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
State Department of Education:												
General Fund:												
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 17,208,634		\$ 15,499,528	\$ (17,208,634)			\$ (1,709,106)	\$ 17,208,634		
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	968,117		871,967	(968,117)			(96,150)	968,117		
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	4,589,091		4,133,317	(4,589,091)			(455,774)	4,589,091		
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	194,605		175,277	(194,605)			(19,328)	194,605		
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	1,370,433			(1,370,433)			(1,370,433)	1,370,433		
Reimbursement of Nonpublic School												
Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	78,880		4,171,935	(78,880)			(78,880)	78,880		
Reimbursed TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	4,387,654			(4,387,654)			(215,719)	4,387,654		
State Reimbursement for Lead Testing of Drinking Water	22-495-034-5120-104	7/1/21-6/30/22	18,621			(18,621)			(18,621)	18,621		
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	17,902,892	\$ (1,779,302)	1,779,302					17,902,892		
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	968,117	(96,218)	96,218					968,117		
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	4,589,091	(456,092)	456,092					4,589,091		
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	194,605	(19,341)	19,341					194,605		
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	686,938	(686,938)	686,938					686,938		
Reimbursement of Nonpublic School												
Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	65,270	(65,270)	65,270					65,270		
Reimbursed TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	4,215,423	(209,339)	209,339					4,215,423		
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	4,960,627		4,960,627	(4,960,627)				4,960,627		
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	20,936,502		20,936,502	(20,936,502)				20,936,502		
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	295,385		295,385	(295,385)				295,385		
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	7,193		7,193	(7,193)				7,193		
Subtotal - General Fund				(3,312,500)	54,364,231	(55,015,742)			(1,683,653)	(3,964,011)	83,638,078	
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	4,441		4,441	(3,002)				3,002		
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	4,705	223				\$ (223)	\$ 1,439			
Technology Initiative Aid	22-100-034-5120-373	7/1/21-6/30/22	3,108		3,108	(2,710)			398	2,710		
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	8,288		8,288	(5,095)			3,193	5,095		
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	7,854	1,367				(1,367)				
Security	22-100-034-5120-509	7/1/21-6/30/22	12,950	400		(12,750)			200	12,750		
Security	21-100-034-5120-509	7/1/20-6/30/21	13,475					(400)				
Auxiliary Services:												
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	1,433		1,433	(1,254)			179	1,254		
Handicapped Services:												
Examination & Classification	22-100-034-5120-066	7/1/21-6/30/22	6,823		6,823	(5,118)			1,705	5,118		
Examination & Classification	21-100-034-5120-066	7/1/20-6/30/21	6,689	2,790				(2,790)				
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	10,230		10,230	(1,953)			8,277	1,953		
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	3,827	728				(728)				
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	4,130		4,130	(3,717)			413	3,717		
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	5,666	3,238				(3,238)				
Nonpublic Teacher STEM	N/A		684		684	(635)			49	8,904		
Subtotal - Special Revenue Fund				8,746	52,087	(36,234)			(8,746)	15,853	58,537	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

HI

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2021		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2022		Memo	
				Unearned Revenue/(Accounts Receivable)	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
NJ Schools Development Authority:												
Special Revenue Fund:												
School Development Authority - Emergent and Capital Maintenance Needs	N/A	7/1/21-6/30/22	\$ 179,571			\$ 179,571	\$ (179,571)				\$ 179,571	
Subtotal - Special Revenue Fund				8,746		231,658	(215,805)	(8,746)		15,853	238,108	
Debt Service Fund:												
Debt Service Aid II	21-495-034-5120-075	7/1/20-6/30/21	740,305			740,305	(740,305)				740,305	
Subtotal - Debt Service Fund						740,305	(740,305)				740,305	
Enterprise Fund:												
COVID-19 Seamless Summer Option	N/A	7/1/21-6/30/22	72,480			67,420	(72,480)				72,480	
COVID-19 Seamless Summer Option	N/A	7/1/20-6/30/21	78,051	\$ (13,942)		13,942			\$ (5,060)		78,051	
Subtotal - Enterprise Fund				(13,942)		81,362	(72,480)		(5,060)		150,531	
Total State Awards Subject to Single Audit Determination				\$ (3,308,950)	\$ -0-	\$ 55,469,643	\$ (56,080,566)	\$ (17,492)	\$ (1,688,713)	\$ 31,706	\$ 84,825,559	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	4,960,627				4,960,627					
Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	20,936,502				20,936,502					
Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	295,385				295,385					
Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	7,193				7,193					
Subtotal - On-Behalf TPAF Pension System Contributions							26,199,707					
Total State Awards Subject to Single Audit Major Program Determination							\$ (29,880,859)					
N/A - Not Available/Applicable												

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hillsborough Township Public Schools under programs of the federal and state governments for the fiscal year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. The bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$70,595 for the general fund, and \$290,768 for the Special Revenue Fund of which \$8,592 was related to local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

Revenue from federal and state awards are reported on the Board’s basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 39,348	\$ 55,086,337	\$55,125,685
Special Revenue Fund	2,530,959	57,510	2,588,469
Debt Service Fund		740,305	740,305
Food Service Fund	4,167,156	72,480	4,239,636
Total Financial Assistance	\$ 6,737,463	\$55,956,632	\$62,694,095

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the fiscal year ended June 30, 2022. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses a qualified opinion on the financial statements as the District's note disclosure on postemployment benefits other than pensions (OPEB) contains the June 30, 2020 information and not the June 30, 2021 information as the report for Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the State of New Jersey State Health Benefits Local Education Retired Employees Plan ("SHBP") has not been released by the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, as of the date of this report. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

<u>State:</u>	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
General Fund State Aid:				
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	\$ 17,208,634	\$ 17,208,634
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	4,589,091	4,589,091
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	194,605	194,605

Federal:

Child Nutrition Program Cluster:

Food Distribution Program	10.555	7/1/20-6/30/21	104,272	22,019
Food Distribution Program	10.555	7/1/21-6/30/22	112,094	97,525
COVID-19 Seamless Summer Option	10.555	7/1/21-6/30/22	4,046,984	4,046,984

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

Summary of Auditors' Results (Cont'd)

- The threshold for distinguishing between Type A and Type B federal programs was \$750,000. The threshold for distinguishing between Type A and Type B state programs was \$896,426.
- The District was determined to be a “high-risk auditee” for federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Code.

Findings and Questioned Costs for State Awards:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

The prior year recommendations regarding the District maintaining an accurate compensated absence liability report and the District maintaining a capital asset record that accounts for all assets owned by the District and properly calculates depreciation expense were fully resolved and are not included as a current year recommendation.