

**SCHOOL DISTRICT
OF THE
BOROUGH OF HILLSDALE**

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

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

**Annual Comprehensive
Financial Report**

of the

Borough of Hillsdale School District

Hillsdale, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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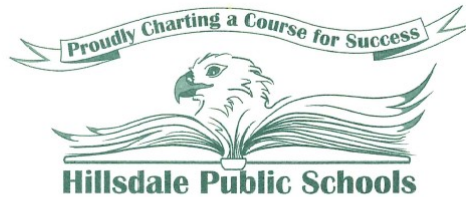
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**INTRODUCTORY SECTION
(UNAUDITED)**



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HILLSDALE, NJ 07642
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February 6, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Hillsdale School District (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 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 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, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Hillsdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Hillsdale School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2021-2022 fiscal year with a daily enrollment of 1,088 students, which is a increase of 7 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK: Situated in the northern portion of Bergen County, the Hillsdale Public School District is a borough in the New York City metropolitan area. The school district expanded dramatically during the late 1950s - early 1960s as a result a dramatic increase in residency. Both elementary buildings were constructed during this short period of time, and although there have been additions since this time the average age of both elementary schools exceed 50 years and the district's middle school has reached its centennial as of 2022.

The District's Enrollment for FY 2022 is 1088 and the District's future student enrollment is projected to grow considerably for FY 2023. Over the next four years, an increase in enrollment is being projected. COVID-19 is assumed to have an impact on enrollment within the Hillsdale Public Schools as the workforce in the area is adopting a remote platform resulting in an influx of families moving to the borough. Source data from the U.S. Census Bureau shows that the median household income for Bergen County at \$104,623 with a poverty rate at 6.4%. Within Hillsdale Borough the median household income at \$155,762 with a poverty rate at 3.7%.

The District's ability to operate is primarily reliant on its local tax levy and the receipt of State Aid. As a result and in-response-to the COVID-19 pandemic federal grants have been awarded to address many areas of need. While increases in budgeted spending have supported the district's federal grant initiatives, planning for the elimination of some of the supports currently in place will need to be addressed and resolved. The future of the District's tax levy impact is anticipated to continue to rise by the 2% cap threshold in an effort to curb economic conditions. The Governor's FY 2022 Budget highlights increases in State Aid in the amount of \$2 billion over the 2021 adjusted appropriation; although, the District is not anticipating any significant changes towards its State Aid allocation and continues to forecast conservatively considering the current economic conditions. In addition to the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services
- Economic factors, such as unemployment and overall revenue collections by the state
- Mandated programs that are not fully funded, such as special education
- Compliance and implementation of governmental pronouncements
- Impact to local taxpayers for funding requests
- Housing development and growth
- Enrollment trends
- Health and general property/liability/cyber insurance cost increases
- Pension obligations, both local and state
- Management of federal and other special funded state programs

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

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

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

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

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

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

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

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

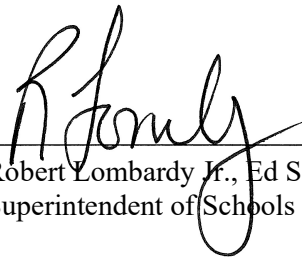
The Board is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in Note 11 to the Basic Financial Statements.

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

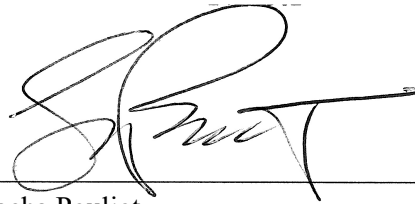
The Honorable President and Members of
the Board of Education
Borough of Hillsdale School District
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February 6, 2023

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

Respectfully submitted,

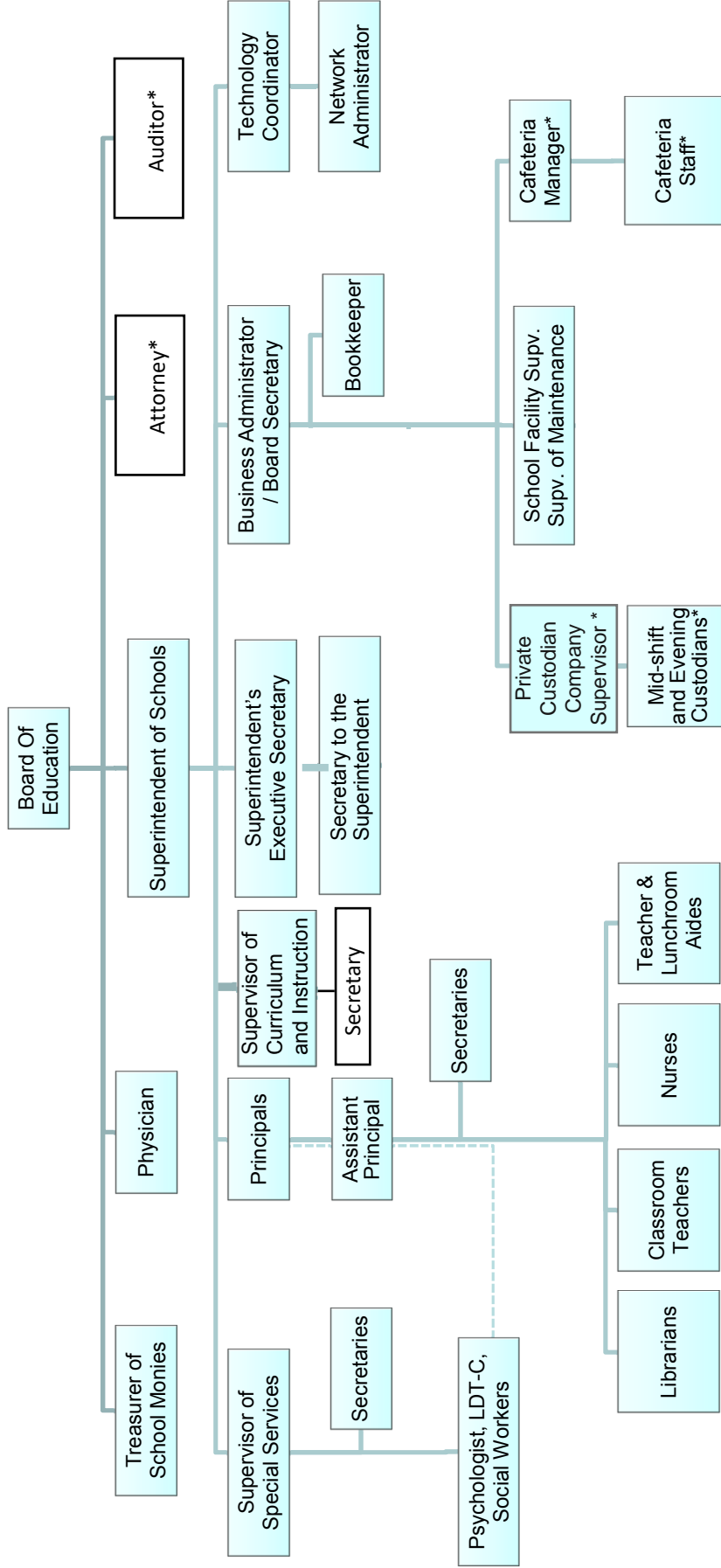


Robert Lombardy Jr., Ed S.
Superintendent of Schools



Sacha Pouliot
Business Administrator/Board Secretary

Organization Chart



* Independent Contractor

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Shane Svorec, President	2021
Salvatore Sileo, Vice President	2022
Christina Jennings	2023
Nicole Klas	2023
Justin Saxon	2021

<u>Other Officials</u>	<u>Title</u>
Robert V. Lombardy Jr., Ed.S.	Superintendent of Schools
Sacha Pouliot	Board Secretary/School Business Administrator
Kelly Ippolito	Treasurer of School Monies

BOROUGH OF HILLSDALE SCHOOL DISTRICT
Consultants and Advisors

Attorney

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

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

And

1140 Route 22 East, Suite 203
Bridgewater, NJ 08807

Official Depositories

Capital One
Paramus Office
Paramus, NJ 07652

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Hillsdale School District (the “District”), in the County of Bergen, as of and for the fiscal year ended June 30, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 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 Opinions

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 audit opinions.

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.

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 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.

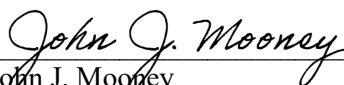
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 February 6, 2023 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.

Mount Arlington, New Jersey
February 6, 2023


NISIVOCCIA LLP


John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

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

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section of Borough of Hillsdale School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 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.

Certain comparative information between the current year (2021-2022) and the prior year (2020-2021) is required to be presented in the MD&A.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of the Board of Education of the Borough of Hillsdale’s Financial Report

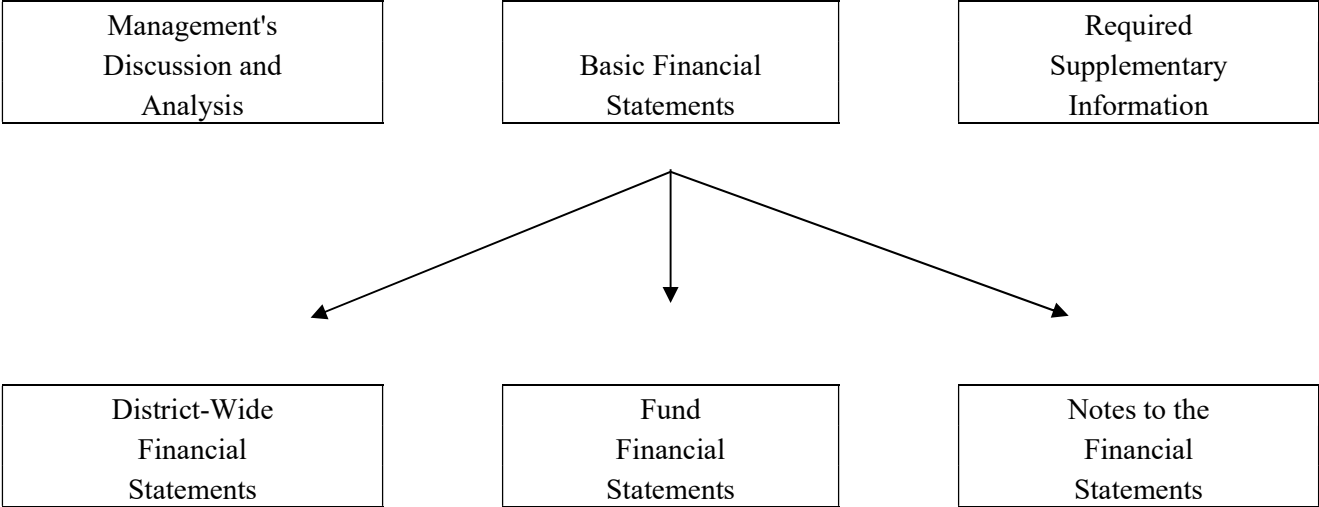


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
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
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, 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 is included here.

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the totals. The depreciation factored into the District's net position for 2021/2022 is \$594,892. This same amount is also factored in as an expense in the current year's financial statements. A second factor affecting the net position was the pay-down of long-term debt in the amount of \$425,000 which decreased debt and increased net position.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Current and Other Assets	\$ 6,440,120	\$ 5,793,551	\$ 167,635	\$ 138,550	\$ 6,607,755	\$ 5,932,101	
Capital Assets, Net	13,452,748	13,461,080	29,424	33,734	13,482,172	13,494,814	
Total Assets	<u>19,892,868</u>	<u>19,254,631</u>	<u>197,059</u>	<u>172,284</u>	<u>20,089,927</u>	<u>19,426,915</u>	3.41%
Deferred Outflows of Resources	<u>368,522</u>	<u>681,734</u>			<u>368,522</u>	<u>681,734</u>	-45.94%
Other Liabilities Long-Term Liabilities	345,808	593,532	24,971	50,601	370,779	644,133	
Total Liabilities	<u>4,249,347</u>	<u>6,020,366</u>	<u>24,971</u>	<u>50,601</u>	<u>4,249,347</u>	<u>6,020,366</u>	-30.68%
Deferred Inflows of Resources	<u>2,014,912</u>	<u>1,687,681</u>			<u>2,014,912</u>	<u>1,687,681</u>	19.39%
Net Position/(Deficit):							
Net Investment in Capital Assets	12,555,704	12,086,080	29,424	33,734	12,585,128	12,119,814	
Restricted	2,758,746	3,026,068			2,758,746	3,026,068	
Unrestricted	<u>(1,663,127)</u>	<u>(3,477,362)</u>	<u>142,664</u>	<u>87,949</u>	<u>(1,520,463)</u>	<u>(3,389,413)</u>	
Total Net Position	<u>\$ 13,651,323</u>	<u>\$ 11,634,786</u>	<u>\$ 172,088</u>	<u>\$ 121,683</u>	<u>\$ 13,823,411</u>	<u>\$ 11,756,469</u>	17.58%

Changes in Net Position. The District's combined net position was \$13,823,411 on June 30, 2022, \$2,066,942 or 17.58% higher than the prior year (See Figure A-3). Property taxes increased as a result of increases expected in operating costs. The net position of the business-type activities increased \$50,405 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Revenue:							
Program Revenue:							
Charges for Services	\$ 333,801	\$ 57,850	\$ 2,083	\$ 2,762	\$ 335,884	\$ 60,612	
Grants and Contributions:							
Operating	7,516,273	7,882,947	440,173	127,994	7,956,446	8,010,941	
General Revenue:							
Property Taxes	22,903,057	22,472,899			22,903,057	22,472,899	
Federal and State Aid Not Restricted	67,753	67,567			67,753	67,567	
Other	51,846	60,956	272	306	52,118	61,262	
Total Revenue	<u>30,872,730</u>	<u>30,542,219</u>	<u>442,528</u>	<u>131,062</u>	<u>31,315,258</u>	<u>30,673,281</u>	2.09%
Expenses:							
Instruction	16,934,241	18,334,708			16,934,241	18,334,708	
Pupil and Instruction Services	5,926,877	5,481,731			5,926,877	5,481,731	
Administrative and Business	2,471,449	2,426,631			2,471,449	2,426,631	
Maintenance and Operations	2,411,508	2,327,561			2,411,508	2,327,561	
Transportation	578,578	471,270			578,578	471,270	
Other	533,541	519,676	392,123	154,567	925,664	674,243	
Total Expenses	<u>28,856,194</u>	<u>29,561,577</u>	<u>392,123</u>	<u>154,567</u>	<u>29,248,317</u>	<u>29,716,144</u>	-1.57%
Increase/(Decrease) in Net Position	<u>\$ 2,016,536</u>	<u>\$ 980,642</u>	<u>\$ 50,405</u>	<u>\$ (23,505)</u>	<u>\$ 2,066,941</u>	<u>\$ 957,137</u>	115.95%

Governmental Activities

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

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

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

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

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021/2022	2020/2021	2021/2022	2020/2021
Instruction	\$ 16,934,241	\$ 18,334,708	\$10,799,906	\$11,412,448
Pupil and Instruction Services	5,926,877	5,481,731	4,886,096	4,592,932
Administrative and Business	2,471,449	2,426,631	2,048,244	2,111,290
Maintenance and Operations	2,411,508	2,327,561	2,332,261	2,169,414
Transportation	578,578	471,270	389,832	300,084
Other	533,541	519,676	549,781	531,397
	<u>\$ 28,856,194</u>	<u>\$ 29,561,577</u>	<u>\$ 21,006,120</u>	<u>\$ 21,117,565</u>

Business-Type Activities

Net position from the District's business-type activity increased \$50,405 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$50,405. This is primarily attributable to all students being eligible for free meals as part of the Seamless Summer Option program.

Financial Analysis of the District's Funds

The District's financial position in the General Fund improved due to careful planning and monitoring of expenditures despite significant changes in student needs and difficult economic times. Expenditures during the recent year were closely monitored and the district took many proactive measures to address the rising costs of pupil transportation and related services.

Difficult economic times have had a direct impact upon the District's revenue sources with the elimination of its subscription busing. Furthermore, adjustments made to the district's health benefits plan have impacted the district's ability to plan and budget for future school years. Ratables in the municipality are a concern for the local tax levy in the future. Interest from General Fund investments have steadily been declining as rates continue to decline. The Coronavirus pandemic has had a profound impact on the district's operations and will certainly have residual impact for years to come for both the municipality and the district.

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

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2021/2022 budget was difficult as a result of rising costs. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of fund balance.

Capital Assets and Long-term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2021/22
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	
Land	\$ 4,748,166	\$ 4,748,166			\$ 4,748,166	\$ 4,748,166	
Land Improvements	1,200	3,948			1,200	3,948	
Buildings and Building Improvements	8,623,823	8,454,705			8,623,823	8,454,705	
Machinery and Equipment	79,559	254,261	\$ 29,424	\$ 33,734	108,983	287,995	
Total Capital Assets, Net	\$ 13,452,748	\$ 13,461,080	\$ 29,424	\$ 33,734	\$ 13,482,172	\$ 13,494,814	-0.09%

The decrease in capital assets is due to depreciation totaling \$594,662, offsetting the acquisition of equipment as well as building and building improvements. More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements.

Long-term Liabilities

At year-end, the District had \$790,000 in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2021/22
	2021/22	2020/21	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 790,000	\$ 1,215,000	
Obligations Under Financed Purchases	107,044	160,000	
Net Pension Liabilities	2,071,283	3,374,025	
Other Long-Term Liabilities	1,281,020	1,271,341	
	\$ 4,249,347	\$ 6,020,366	-29.42%

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

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

- The District has proposed an \$82.5M referendum for a new middle school. The anticipated referendum date is March 14, 2023.
- The District continues to deal with increasing costs and increasing state mandates.
- Employment shortages in the transportation, food service, and custodial services have led to significant cost increases absorbed by the district.
- Supply shortages and delayed supply-chain issues continue to be an issue resulting in an excess demand for goods and services.
- Mandated programs and/or initiatives that are not fully funded
- Projected increases anticipated in student enrollment
- Expected collective bargaining negotiations

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,032,553	\$ 143,654	\$ 4,176,207
Receivables From State Government	491,260	449	491,709
Receivables From Federal Government	157,561	19,473	177,034
Inventory		4,059	4,059
Restricted Cash and Cash Equivalents	1,758,746		1,758,746
Capital Assets, Net:			
Sites (Land)	4,748,166		4,748,166
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	8,704,582	29,424	8,734,006
Total Assets	<u>19,892,868</u>	<u>197,059</u>	<u>20,089,927</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	189,825		189,825
District Contribution Subsequent to Measurement Date	178,697		178,697
Total Deferred Outflows of Resources	<u>368,522</u>		<u>368,522</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	182,483	4,369	186,852
Accrued Interest Payable	14,483		14,483
Payable to Federal Government	6,883		6,883
Payable to State Government	21,901		21,901
Unearned Revenue	120,058	20,602	140,660
Noncurrent Liabilities:			
Due Within One Year	496,419		496,419
Due Beyond One Year	3,752,928		3,752,928
Total Liabilities	<u>4,595,155</u>	<u>24,971</u>	<u>4,620,126</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	2,014,912		2,014,912
Total Deferred Inflows of Resources	<u>2,014,912</u>		<u>2,014,912</u>
NET POSITION			
Net Investment in Capital Assets	12,555,704	29,424	12,585,128
Restricted for:			
Capital Projects	1,265,249		1,265,249
Maintenance Reserve	340,352		340,352
Excess Surplus	1,000,000		1,000,000
Unemployment Compensation	121,702		121,702
Student Activities	31,443		31,443
Unrestricted (Deficit)	(1,663,127)	142,664	(1,520,463)
Total Net Position	<u>\$ 13,651,323</u>	<u>\$ 172,088</u>	<u>\$ 13,823,411</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 12,538,033	\$ 45,182	\$ 3,525,726	\$ (8,967,125)	\$	\$	\$ (8,967,125)
Special Education	3,793,567		2,408,219	(1,385,348)			(1,385,348)
Other Special Instruction	490,108		3,353	(486,755)			(486,755)
Other Instruction	112,533		151,855	39,322			39,322
Support Services:							
Tuition	1,301,941		343,058	(958,883)			(958,883)
Student & Instruction Related Services	4,624,936	228,927	468,796	(3,927,213)			(3,927,213)
General Administrative Services	642,770		48,246	(594,524)			(594,524)
School Administrative Services	1,316,069		337,259	(978,810)			(978,810)
Central Services	368,899		29,444	(339,455)			(339,455)
Administration Information Technology	143,711		8,256	(135,455)			(135,455)
Plant Operations and Maintenance	2,411,508		57,614	(2,353,894)			(2,353,894)
Pupil Transportation	578,578	59,692	129,054	(389,832)			(389,832)
Special Schools	48,602		5,393	(43,209)			(43,209)
Interest on Long-Term Debt	32,309			(32,309)			(32,309)
Unallocated Depreciation	452,630			(452,630)			(452,630)
Total Governmental Activities	28,856,194	333,801	7,516,273	(21,006,120)			(21,006,120)

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 392,123	\$ 2,083	\$ 440,173		\$ 50,133	\$ 50,133
Total Business-Type Activities	392,123	2,083	440,173		50,133	50,133
Total Primary Government	\$ 29,248,317	\$ 335,884	\$ 7,956,446	\$ (21,006,120)	\$ 50,133	\$ (20,955,987)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				22,437,957		22,437,957
Taxes Levied for Debt Service				465,100		465,100
Federal and State Aid not Restricted				67,753		67,753
Interest and Miscellaneous Income				51,846	272	52,118
Total General Revenues				23,022,656	272	23,022,928
Change in Net Position				2,016,536	50,405	2,066,941
Net Position - Beginning as Restated				11,634,787	121,683	11,756,470
Net Position - Ending				\$ 13,651,323	\$ 172,088	\$ 13,823,411

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

FUND FINANCIAL STATEMENTS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,032,553		\$ 4,032,553
Interfund Receivables	8,719		8,719
Receivables From State Government	491,260		491,260
Receivables From Federal Government		\$ 157,561	157,561
Restricted Cash and Cash Equivalents	1,727,303	31,443	1,758,746
Total Assets	<u>\$ 6,259,835</u>	<u>\$ 189,004</u>	<u>\$ 6,448,839</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Interfund Payable		\$ 8,719	\$ 8,719
Accounts Payable - Vendors	\$ 3,786		3,786
Payable to Federal Government		6,883	6,883
Payable to State Government		21,901	21,901
Unearned Revenue		120,058	120,058
Total Liabilities	<u>3,786</u>	<u>157,561</u>	<u>161,347</u>
Fund Balances:			
Restricted for:			
Capital Reserve Account	1,265,249		1,265,249
Maintenance Reserve Account	340,352		340,352
Excess Surplus 2023-2024	750,000		750,000
Excess Surplus 2022-2023	250,000		250,000
Unemployment Compensation	121,702		121,702
Student Activities		31,443	31,443
Assigned:			
Encumbrances	823,956		823,956
Subsequent Year's Expenditures	1,390,708		1,390,708
Unassigned	1,314,082		1,314,082
Total Fund Balances	<u>6,256,049</u>	<u>31,443</u>	<u>6,287,492</u>
Total Liabilities and Fund Balances	<u>\$ 6,259,835</u>	<u>\$ 189,004</u>	<u>\$ 6,448,839</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$	6,287,492
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.		13,452,748
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.		(14,483)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.		(2,071,283)
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		368,522
Deferred Inflows		(2,014,912)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.		(178,697)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.		<u>(2,178,064)</u>
Net Position of Governmental Activities	\$	<u>13,651,323</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 22,437,957			\$ 465,100	\$ 22,903,057
Tuition	45,182				45,182
Transportation Fees	59,692				59,692
Interest on Maintenance Reserve	166				166
Interest on Capital Reserve	2,418				2,418
Restricted Miscellaneous Revenue	22,649	\$ 228,927			251,576
Unrestricted Miscellaneous Revenue	26,600		\$ 13		26,613
Total - Local Sources	22,594,664	228,927	13	465,100	23,288,704
State Sources	7,566,320	138,731			7,705,051
Federal Sources	704,472				704,472
Total Revenues	30,160,984	1,072,130	13	465,100	31,698,227
EXPENDITURES					
Current:					
Regular Instruction	7,762,148	500,145			8,262,293
Special Education Instruction	2,418,122				2,418,122
Other Special Instruction	312,259				312,259
Other Instruction	71,950				71,950
Support Services and Undistributed Costs:					
Tuition	958,883	343,058			1,301,941
Student & Instruction Related Services	3,493,753	257,176			3,750,929
General Administrative Services	539,817				539,817
School Administrative Services	846,112				846,112
Central Services	256,450				256,450
Administration Information Technology	123,817				123,817
Plant Operations and Maintenance	2,262,196				2,262,196
Pupil Transportation	564,456				564,456
Unallocated Benefits	9,069,797				9,069,797

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
EXPENDITURES					
Debt Service:					
Principal				\$ 425,000	\$ 425,000
Interest and Other Charges	37,094			40,100	40,100
Special Schools	553,423				37,094
Capital Outlay					553,423
Total Expenditures	<u>29,270,277</u>	<u>\$ 1,100,379</u>		<u>465,100</u>	<u>30,835,756</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>890,707</u>	<u>(28,249)</u>	<u>13</u>		<u>862,471</u>
OTHER FINANCING SOURCES/(USES)					
Transfers In	13				13
Transfers Out			(13)		(13)
Total Other Financing Sources/(Uses)	<u>13</u>	<u>-0-</u>	<u>(13)</u>		
Net Change in Fund Balances	<u>890,720</u>	<u>(28,249)</u>			<u>862,471</u>
Fund Balance—July 1	<u>5,365,329</u>	<u>59,692</u>			<u>5,425,021</u>
Fund Balance—June 30	<u>\$ 6,256,049</u>	<u>\$ 31,443</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,287,492</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 862,471

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

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

Depreciation expense	\$ (590,352)	
Capital outlays	<u>582,020</u>	(8,332)

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

Changes in Net Pension Liability	1,302,742	
Change in Deferred Outflows	(173,855)	
Change in Deferred Inflows	<u>(442,558)</u>	686,329

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

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

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

Change in Net Position of Governmental Activities

\$ 2,016,536

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 143,654
Accounts Receivable:	
Federal	19,473
State	449
Inventories	<u>4,059</u>
Total Current Assets	<u>167,635</u>

Non- Current Assets:

Capital Assets:

Capital Assets	125,975
Less: Accumulated Depreciation	<u>(96,551)</u>

Total Non- Current Assets	<u>29,424</u>
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Total Assets	<u>197,059</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable-Vendors	4,369
Unearned Revenue - Donated Commodities	3,458
Unearned Revenue - Prepaid Sales	<u>17,144</u>

Total Current Liabilities	<u>24,971</u>
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Total Liabilities	<u>24,971</u>
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NET POSITION:

Investment in Capital Assets	29,424
Unrestricted	<u>142,664</u>

Total Net Position	<u>\$ 172,088</u>
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THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Non Reimbursable Programs	\$ 2,083
	<hr/>
Total Operating Revenue	2,083
	<hr/>
Operating Expenses:	
Cost of Sales - Non Reimbursable Programs	152,802
Salaries, Benefits and Payroll Taxes	209,423
Purchased Property Services	15,957
Supplies and Materials	9,631
Depreciation Expense	4,310
	<hr/>
Total Operating Expenses	392,123
	<hr/>
Operating (Loss)	(390,040)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
Seamless Summer Option	420,605
Food Distribution Program	9,690
State Sources:	
Seamless Summer Option	9,878
Local Sources:	
Interest Revenue	272
	<hr/>
Total Non-Operating Revenue	440,445
	<hr/>
Change in Net Position	50,405
	<hr/>
Net Position - Beginning of Year	121,683
	<hr/>
Net Position - End of Year	\$ 172,088
	<hr/> <hr/>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,083
Payments to Food Service Vendor	(395,301)
Payments to Suppliers	(8,831)
	<hr/>
Net Cash (Used for) Operating Activities	(402,049)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	272
	<hr/>
Net Cash Provided by Investing Activities	272
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
Seamless Summer Option	408,371
State Sources	
Seamless Summer Option	9,945
	<hr/>
Net Cash Provided by Noncapital Financing Activities	418,316
	<hr/>
Net Increase in Cash and Cash Equivalents	16,539
Cash and Cash Equivalents, July 1	127,115
	<hr/>
Cash and Cash Equivalents, June 30	\$ 143,654
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (390,040)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	9,690
Changes in Assets and Liabilities:	
Decrease in Inventories	(379)
Increase in Accounts Payable	(23,701)
(Decrease) in Unearned Revenue - Donated Commodities	(594)
(Decrease) in Unearned Revenue- Prepaid Sales	(1,335)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (402,049)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$9,096 and utilized commodities valued at \$9,690 for the fiscal year ended June 30, 2022.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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 the Borough of Hillsdale School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets 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 expenditure for principal and interest.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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 District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary 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.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 30,169,448	\$ 1,126,580
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis.		(54,450)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	99,563	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(108,027)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,160,984</u>	<u>\$ 1,072,130</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,270,277	\$ 1,154,829
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>(54,450)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,270,277</u>	<u>\$ 1,100,379</u>

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	30 years
Land Improvements	20 years
Machinery and Equipment	10 to 15 years

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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 - the amount due within one year and the amount due in more than one year.

P. Lease 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. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

R. Fund Balance Appropriated:

General Fund: Of the \$6,256,049 General Fund fund balance at June 30, 2022, \$823,956 is assigned for encumbrances; \$1,265,249 is restricted in the capital reserve account; \$340,352 is restricted in the maintenance reserve account; \$121,702 is restricted for unemployment compensation; \$250,000 is prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2023; \$750,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$1,390,708 is assigned for subsequent year's expenditures; and \$1,314,082 is unassigned which is \$108,027 less than calculated unassigned fund balance on a budgetary basis, due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2023.

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$31,443 and is restricted for student activities.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus of \$1,000,000 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 \$108,027 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record those payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the two final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

S. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2022.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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. Deficit Fund Balances/Net Position:

The District has a deficit in unrestricted net position of \$1,663,127 in its governmental activities, which is primarily due to compensated absences payable, accrued interest payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

U. Net Position:

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

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

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

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

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

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

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, interest and tuition.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

W. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

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.

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

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

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

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

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

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed below.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

Investments

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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)

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

	Unrestricted	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Unemployment Insurance	Student Activities	
Checking Accounts State of New Jersey	\$ 4,165,994	\$ 1,265,249	\$ 340,352	\$ 121,702	\$ 26,452	\$ 5,919,749
Cash Management Fund	10,213				4,991	15,204
	<u>\$ 4,176,207</u>	<u>\$ 1,265,249</u>	<u>\$ 340,352</u>	<u>\$ 121,702</u>	<u>\$ 31,443</u>	<u>\$ 5,934,953</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022 was \$5,934,953 and the bank balance was \$6,391,731. The \$15,204 in the State of New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 25, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the fiscal year ending June 30, 2022 is as follows:

Beginning Balance, July 1, 2021	\$ 1,458,738
Add:	
Increase per Board Resolution	\$ 343,836
Interest Earnings	<u>2,418</u>
	<u>346,254</u>
	1,804,992
Less:	
Budgeted Withdrawal	<u>539,743</u>
Ending Balance, June 30, 2022	<u>\$ 1,265,249</u>

The June 30, 2022 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District made transfers to the capital outlay accounts for equipment, which did not require County Superintendent approval.

NOTE 6. 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:				
Sites (Land)	\$ 4,748,166			\$ 4,748,166
Total Capital Assets Not Being Depreciated	<u>4,748,166</u>			<u>4,748,166</u>
Capital Assets Being Depreciated:				
Land Improvements	27,482			27,482
Buildings and Building Improvements	20,510,603	\$ 582,020		21,092,623
Machinery and Equipment	4,069,180			4,069,180
Total Capital Assets Being Depreciated	<u>24,607,265</u>	<u>582,020</u>		<u>25,189,285</u>
Governmental Activities Capital Assets	<u>29,355,431</u>	<u>582,020</u>		<u>29,937,451</u>
Less Accumulated Depreciation for:				
Land Improvements	(23,534)	(2,748)		(26,282)
Buildings and Building Improvements	(12,055,898)	(412,902)		(12,468,800)
Machinery and Equipment	(3,814,919)	(174,702)		(3,989,621)
	<u>(15,894,351)</u>	<u>(590,352)</u>		<u>(16,484,703)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,461,080</u>	<u>\$ (8,332)</u>	<u>\$ -0-</u>	<u>\$ 13,452,748</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 125,975			\$ 125,975
Less Accumulated Depreciation	<u>(92,241)</u>	<u>\$ (4,310)</u>		<u>(96,551)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,734</u>	<u>\$ (4,310)</u>	<u>\$ - 0 -</u>	<u>\$ 29,424</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,143
Central Services	48,401
Plant Operations and Maintenance	54,056
Pupil Transportation	14,122
Unallocated	<u>452,630</u>
	<u>\$ 590,352</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2021	Added	Retired	Balance 6/30/2022
Serial Bonds Payable	\$ 1,215,000		\$ 425,000	\$ 790,000
Compensated Absences Payable	1,271,341	\$ 15,761	6,082	1,281,020
Net Pension Liability	3,374,025		1,302,742	2,071,283
Financed Purchases Payable	160,000		52,956	107,044
	<u>\$ 6,020,366</u>	<u>\$ 15,761</u>	<u>\$ 1,786,780</u>	<u>\$ 4,249,347</u>

A. Bonds Payable:

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

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

Purpose	Final Maturity	Interest Rate	Amount
Refunding Bonds of 2012	07/15/2023	4.00%	<u>\$ 790,000</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 425,000	\$ 23,100	\$ 448,100
2024	365,000	7,300	372,300
	<u>\$ 790,000</u>	<u>\$ 30,400</u>	<u>\$ 820,400</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the District had no bonds authorized but not issued.

C. Financed Purchases Payable:

The District has a financed purchase agreement for bi-polar ionization devices valued at \$160,000, of which \$52,956 has matured and been repaid. The finance purchase is for a term of three years and will be retired through the General Fund.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

C. Financed Purchases Payable: (Cont'd)

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 finance purchase payments at June 30, 2022.

<u>Year</u>	<u>Amount</u>
2023	\$ 54,743
2024	54,743
Total Minimum Financed Purchases Payments	<u>109,486</u>
Less: Amount Representing Interest	<u>(2,442)</u>
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 107,044</u>

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$1,261,320. The current portion of this liability is \$19,700.

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.

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

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2022 is \$-0- and the long-term portion is \$2,071,283. See Note 9 for further information on the PERS.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$150,000 was established by the Borough of Hillsdale School District on June 18, 2018. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

Beginning Balance, July 1, 2021		\$ 170,186
Add:		
Increase per Board Resolution	\$ 300,000	
Interest Earnings	166	
		300,166
		470,352
Less:		
Withdrawal by Resolution		130,000
Ending Balance, June 30, 2022		\$ 340,352

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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 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 \$204,762 for 2022.

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 District reported a liability of \$2,071,283 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 0.0175%, which was an decrease of 0.0032% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension benefit of \$481,567. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	5.48		\$ 87,532
	2018	5.63		164,106
	2019	5.21		144,770
	2020	5.16		340,982
	2021	5.13	\$ 10,787	737,390
			<u>10,787</u>	<u>737,390</u>
Changes in Proportion	2017	5.48		10,496
	2018	5.63	325	
	2019	5.21		143,680
	2020	5.16	146,046	
	2021	5.13		562,888
			<u>146,371</u>	<u>717,064</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		16,179
	2019	5.00		(5,221)
	2020	5.00		(117,657)
	2021	5.00		652,329
			<u>-0-</u>	<u>545,630</u>
Difference Between Expected and Actual Experience	2017	5.48	2,603	
	2018	5.63		6,249
	2019	5.21	11,067	
	2020	5.16	18,997	
	2021	5.13		8,579
			<u>32,667</u>	<u>14,828</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	178,697	
			<u>\$ 368,522</u>	<u>\$ 2,014,912</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2022	\$ (488,733)
2023	(348,954)
2024	(237,927)
2025	(178,850)
2026	70
	\$ (1,254,394)

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	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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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 following table:

<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%

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 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 in determining the net pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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	\$ 2,822,228	\$ 2,071,283	\$ 1,436,118

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.nj.gov/treasury/pensions/annual-reports.shtml.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. 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 \$4,094,447 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,151,357.

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

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

At June 30, 2022, the State's proportionate share of the net pension liability associated with the District was \$48,930,551. 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 0.1018%, which was an increase of 0.0028% from its proportion measured as of June 30, 2020.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		48,930,551
Total	\$	48,930,551

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,151,357 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$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
	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 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>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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 following table:

<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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF (Cont'd)

be made at the current member contribution rates and that contributions from employers will be made based on 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.

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	\$ 57,893,027	\$ 48,930,551	\$ 41,402,645

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For DCRP, the District recognized pension expense of \$29,955 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$40,139 for the fiscal year ended June 30, 2022.

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

The June 30, 2022 audit was not available as of the date of this report; however, selected, summarized financial information for the Group as of June 30, 2021 is as follows:

Total Assets	\$ 33,363,950
Net Position	\$ 20,844,500
Total Revenue	\$ 14,825,180
Total Expenses	\$ 11,386,888
Change in Net Position	\$ 3,438,292
Member Dividends	\$ 2,150,955

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	-0-	\$ 206	\$ 22,443	\$ -0-	\$ 121,702
2020-2021	-0-	237	21,280	9,034	99,053
2019-2020	-0-	1,464	20,857	42,461	86,570

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable	MetLife
Lincoln Investment Planning, Inc.	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2022, the interfund receivables and payables were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 18,219	
Special Revenue Fund		\$ 18,219
	<u>\$ 18,219</u>	<u>\$ 18,219</u>

The \$18,219 of interfund receivable in the General Fund represents the negative cash balance in the Special Revenue Fund as a result of the grant receivables.

NOTE 14. TAX CALENDAR

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2022, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue Fund	Total
\$ 823,956	\$ 83,005	\$ 906,961

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 \$83,005 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

	General Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
Vendors					\$ 4,369
Payroll Deductions and Withholdings	\$ 3,786	\$ 3,786		\$ 3,786	
Due to State of New Jersey			\$ 178,697	178,697	
	\$ 3,786	\$ 3,786	\$ 178,697	\$ 182,483	\$ 4,369

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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, 2020, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	213,901
Total	<u>364,328</u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.50%
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BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

Actuarial Assumptions and Other Inputs

	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	2.75 - 5.65%	3.00 - 7.00%
	based on service years	based on service years

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% 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, 2021 was 2.16%. 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

	Total OPEB Liability
Balance at June 30, 2020	\$ 58,544,808
Changes for Year:	
Service Cost	2,828,862
Interest on the Total OPEB Liability	1,330,812
Changes in Benefit Terms	(54,604)
Changes of Assumptions	50,613
Differences between Expected and Actual Experience	(10,384,817)
Gross Benefit Payments by the State	(1,048,307)
Contributions from Members	34,022
Net Changes	(7,243,419)
Balance at June 30, 2021	\$ 51,301,389

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, 2021, 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, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 61,451,010	\$ 51,301,389	\$ 43,309,171

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, 2021, 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:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 41,528,641	\$ 51,301,389	\$ 64,425,467

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$3,087,718 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, 2021 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 2,883,155
	2018	9.51		2,621,007
	2019	9.29	\$ 360,144	
	2020	9.24	8,297,351	
	2021	9.24	45,135	
			<u>8,702,630</u>	<u>5,504,162</u>
Differences between Expected and Actual Experience	2018	9.51		2,477,667
	2019	9.29		4,238,916
	2020	9.24	7,733,457	
	2021	9.24		8,679,875
				<u>7,733,457</u>
Changes in Proportion	N/A	N/A	1,350,437	731,457
			<u>\$ 17,786,524</u>	<u>\$ 21,632,077</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan

OPEB Expense and Deferred Outflows of Resources and Deferred 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
2022	\$ (1,010,768)
2023	(1,010,768)
2024	(1,010,768)
2025	(1,010,768)
2026	(718,642)
Thereafter	297,179
	\$ (4,464,533)

NOTE 18. TAX ABATEMENT

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

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

The Borough of Hillsdale recognized revenue in the amount of \$50,596 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatements would have been \$326,900 of which \$146,587 would have been for the local school tax.

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

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

	Fiscal Year Ending June 30,		
	2020	2021	2022
District's proportion of the net pension liability	0.0196309173%	0.0206901678%	0.0174843449%
District's proportionate share of the net pension liability	\$ 3,537,193	\$ 3,374,025	\$ 2,071,283
District's covered employee payroll	1,415,038	1,286,292	1,340,959
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	249.97%	262.31%	154.46%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.0923353276%	0.0955417453%	0.0938492496%	0.0923812404%
State's proportionate share of the net pension liability attributable to the District	\$ 49,350,227	\$ 60,386,505	\$ 73,827,795	\$ 62,286,763
District's covered employee payroll	9,479,403	9,120,841	10,006,102	10,173,543
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	520.60%	662.07%	737.83%	612.24%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%
	Fiscal Year Ending June 30,			
	2020	2021	2022	
State's proportion of the net pension liability attributable to the District	0.0962827868%	0.0993129191%	0.1017792184%	
State's proportionate share of the net pension liability attributable to the District	\$ 59,089,655	\$ 65,396,362	\$ 48,930,551	
District's covered employee payroll	11,075,519	11,299,281	11,535,618	
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	533.52%	578.77%	424.17%	
Plan fiduciary net position as a percentage of the total pension liability	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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
Contractually required contribution	\$ 2,655,506	\$ 3,687,140	\$ 5,547,132	\$ 4,314,912	\$ 3,645,333
Contributions in relation to the contractually required contribution	(516,534)	(751,394)	(1,002,774)	(1,447,486)	(1,893,650)
Contribution deficiency/(excess)	<u>\$ 2,138,972</u>	<u>\$ 2,935,746</u>	<u>\$ 4,544,358</u>	<u>\$ 2,867,426</u>	<u>\$ 1,751,683</u>
District's covered employee payroll	\$ 9,120,841	\$ 10,006,102	\$ 10,173,543	\$ 10,455,949	\$ 11,075,519
Contributions as a percentage of covered employee payroll	5.66%	7.51%	9.86%	13.84%	17.10%
	Fiscal Year Ending June 30,				
	2020	2021	2022		
Contractually required contribution	\$ 3,485,266	\$ 4,066,624	\$ 1,151,357		
Contributions in relation to the contractually required contribution	(2,178,312)	(2,958,599)	(4,094,447)		
Contribution deficiency/(excess)	<u>\$ 1,306,954</u>	<u>\$ 1,108,025</u>	<u>\$ (2,943,090)</u>		
District's covered employee payroll	\$ 11,299,281	\$ 11,535,618	\$ 11,902,849		
Contributions as a percentage of covered employee payroll	19.28%	25.65%	34.40%		

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

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 2,063,932	\$ 1,717,083	\$ 1,490,524	\$ 1,556,839	\$ 2,828,862
Interest Cost	1,425,552	1,654,621	1,553,593	1,268,999	1,330,812
Changes of Benefit Terms					(54,604)
Changes in Assumptions	(5,936,854)	(4,495,312)	524,689	10,694,125	50,613
Differences between Expected and Actual Experience		(3,694,553)	(6,503,536)	10,822,988	(10,384,817)
Member Contributions	38,382	36,202	32,021	30,892	34,022
Gross Benefit Payments	(1,042,355)	(1,047,475)	(1,080,234)	(1,019,217)	(1,048,307)
Net Change in Total OPEB Liability	(3,451,343)	(5,829,434)	(3,982,943)	23,354,626	(7,243,419)
Total OPEB Liability - Beginning	48,453,902	45,002,559	39,173,125	35,190,182	58,544,808
Total OPEB Liability - Ending	\$ 45,002,559	\$ 39,173,125	\$ 35,190,182	\$ 58,544,808	\$ 51,301,389
State's Covered Employee Payroll *	\$ 11,783,096	\$ 12,490,557	\$ 12,585,572	\$ 12,876,577	\$ 13,204,860
Total OPEB Liability as a Percentage of Covered Employee Payroll	382%	314%	280%	455%	389%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 2021 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019 and June 30, 2020 census data.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

The mortality rates in the valuation as of June 30, 2021 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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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, 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.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% 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, 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%.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HILLSDALE 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	\$ 22,437,957		\$ 22,437,957	\$ 22,437,957	
Tuition From Individuals	42,000		42,000	45,182	\$ 3,182.00
Transportation Fees From Individuals				59,692	59,692
Unrestricted Miscellaneous Revenues	40,000		40,000	26,600	(13,400)
Interest Earned on Maintenance Reserve	50		50	166	116
Interest Earned on Capital Reserve Funds	50		50	2,418	2,368
Other Restricted Miscellaneous Revenues				22,649	22,649
Total Revenues from Local Sources	22,520,057		22,520,057	22,594,664	74,607
Revenues from State Sources:					
Categorical Transportation Aid	126,575		126,575	126,575	
Extraordinary Aid				488,270	488,270
Categorical Special Education Aid	907,656		907,656	907,656	
Equalization Aid	11,741		11,741	11,741	
Categorical Security Aid	55,927		55,927	55,927	
Non Public Transportation Aid				2,320	2,320
TPAF Post Retirement Contributions (Non-Budgeted)				970,125	970,125
TPAF Pension Contributions (Non-Budgeted)				4,094,447	4,094,447
TPAF Non-Contributory Insurance (Non-Budgeted)				57,767	57,767
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,373	1,373
Reimbursed TPAF Social Security Contributions				858,583	858,583
Total Revenues from State Sources	1,101,899	-	1,101,899	7,574,784	6,472,885
TOTAL REVENUE	23,621,956	-	23,621,956	30,169,448	6,547,492

BOROUGH OF HILLSDALE 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	\$ 610,009	\$	\$ 610,009	\$ 480,277	\$ 129,732
Grades 1-5 - Salaries of Teachers	3,740,528	109,300	3,849,828	3,819,288	30,540
Grades 6-8 - Salaries of Teachers	2,930,230	(90,300)	2,839,930	2,804,697	35,233
Regular Programs - Home Instruction:					
Salaries of Teachers	19,400	2,000	21,400	12,868	8,532
Purchased Professional-Educational Services	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	531,591		531,591	428,375	103,216
Purchased Professional-Educational Services	5,760		5,760	2,577	3,183
Other Purchased Services (400-500 series)	67,643	(21,000)	46,643	12,540	34,103
General Supplies	170,409	201	170,610	136,549	34,061
Textbooks	205,113	(18,999)	186,114	50,756	135,358
Other Objects	28,795		28,795	14,221	14,574
Total Regular Programs - Instruction	8,311,478	(18,798)	8,292,680	7,762,148	530,532
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	189,453	16,100	205,553	204,226	1,327
Other Salaries for Instruction	108,700		108,700	106,515	2,185
General Supplies	2,524		2,524	1,282	1,242
Total Learning and/or Language Disabilities	300,677	16,100	316,777	312,023	4,754
Resource Room/Resource Center:					
Salaries of Teachers	1,833,628	(32,960)	1,800,668	1,789,205	11,463
General Supplies	1,500		1,500	665	835
Total Resource Room/Resource Center	1,835,128	(32,960)	1,802,168	1,789,870	12,298

BOROUGH OF HILLSDALE 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
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 186,811	\$	\$ 186,811	\$ 186,541	\$ 270
Other Salaries for Instruction	172,109	(42,922)	129,187	128,452	735
General Supplies	4,500		4,500	1,236	3,264
Total Preschool Disabilities - Part-Time	363,420	(42,922)	320,498	316,229	4,269
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,499,225	(59,782)	2,439,443	2,418,122	21,321
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	61,362	104,460	165,822	164,476	1,346
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	61,862	104,460	166,322	164,476	1,846
Bilingual Education - Instruction:					
Salaries of Teachers	107,210	42,922	150,132	147,783	2,349
General Supplies	600		600		600
Total Bilingual Education - Instruction	107,810	42,922	150,732	147,783	2,949
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	21,071	20,452	41,523	38,019	3,504
Supplies and Materials	5,000	(5,000)			
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	26,071	15,452	41,523	38,019	3,504
School-Sponsored Athletics - Instruction:					
Salaries	38,500		38,500	31,577	6,923
Purchased Services (300-500 series)	5,500	(5,500)			
Supplies and Materials	5,000	(4,302)	698	697	1
Total School-Sponsored Athletics - Instruction	49,000	(9,802)	39,198	32,274	6,924

BOROUGH OF HILLSDALE 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
Community Services Programs/Operations:					
Salaries	\$ 10,000		\$ 10,000	\$ 1,657	\$ 8,343
Total Community Services Programs/Operations	10,000		10,000	1,657	8,343
TOTAL INSTRUCTION	11,065,446	\$ 74,452	11,139,898	10,564,479	575,419
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	374,240	(170,800)	203,440	185,605	17,835
Tuition to Priv. Sch. for the Handicap. W/I State	783,149	100,042	883,191	773,278	109,913
Total Undistributed Expenditures - Instruction	1,157,389	(70,758)	1,086,631	958,883	127,748
Undistributed Expend. - Attend. & Social Work:					
Salaries	29,738		29,738	29,737	1
Purchased Professional and Technical Services	9,385		9,385	9,170	215
Total Undist. Expend. - Attendance and Social Work	39,123		39,123	38,907	216
Undistributed Expenditures - Health Services:					
Salaries	266,452	(10,000)	256,452	242,056	14,396
Purchased Professional and Technical Services	87,125		87,125	82,652	4,473
Supplies and Materials	17,634	(200)	17,434	11,169	6,265
Total Undist. Expenditures - Health Services	371,211	(10,200)	361,011	335,877	25,134
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	421,783	(32,865)	388,918	387,832	1,086
Purchased Professional - Educational Services	20,595	2,465	23,060	23,060	702
Supplies and Materials	1,000		1,000	298	702
Total Undist. Expend. - Speech, OT, PT, Related Svcs	443,378	(30,400)	412,978	411,190	1,788

BOROUGH OF HILLSDALE 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
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Purchased Professional - Educational Services	\$ 250,920	\$ 110,000	\$ 360,920	\$ 328,517	\$ 32,403
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	250,920	110,000	360,920	328,517	32,403
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	378,021		378,021	375,165	2,856
Salaries of Secretarial and Clerical Assistants	80,122		80,122	71,394	8,728
Total Undist. Expend. - Guidance	458,143		458,143	446,559	11,584
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	662,606	(46,058)	616,548	609,731	6,817
Salaries of Secretarial and Clerical Assistants	105,196		105,196	105,196	
Purchased Professional - Educational Services	311,045	32,058	343,103	197,136	145,967
Other Purchased Prof. and Tech. Services	158,246	30,000	188,246	172,167	16,079
Supplies and Materials	6,894	(400)	6,494	6,256	238
Other Objects	4,767	(300)	4,467	4,118	349
Total Undist. Expend. - Child Study Team	1,248,754	15,300	1,264,054	1,094,604	169,450
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	117,192		117,192	117,192	
Salaries of Secretarial and Clerical Assistants	58,103		58,103	58,103	
Other Purchased Services (400-500 series)	39,507		39,507	14,378	25,129
Supplies and Materials	5,000		5,000	110	4,890
Total Undist. Expend. - Improv. of Inst. Serv.	219,802		219,802	189,783	30,019

BOROUGH OF HILLSDALE 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
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 236,377	\$ 24,650	\$ 261,027	\$ 260,788	\$ 239
Salaries of Technology Coordinators	105,733	800	106,533	106,500	33
Purchased Professional and Technical Services	10,375	(200)	10,175	7,558	2,617
Other Purchased Services (400-500 series)	3,000		3,000	660	2,340
Supplies and Materials	11,685		11,685	7,238	4,447
Other Objects	512,506	(16,050)	496,456	245,100	251,356
Total Undist Expend-Edu. Media Serv./Sch. Library	879,676	9,200	888,876	627,844	261,032
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	31,170	(2,800)	28,370	9,677	18,693
Other Objects	8,000	2,800	10,800	10,795	5
Total Undist.Expend.-Instructional Staff Training Services	39,170		39,170	20,472	18,698
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	320,753	11,099	331,852	331,852	
Legal Services	46,806	(11,099)	35,707	17,063	18,644
Audit Fees	41,926		41,926	41,296	630
Architectural/Engineering Services	33,474		33,474	13,468	20,006
Other Purchased Professional Services	17,000	17,000	34,000	29,810	4,190
Communications / Telephone	117,130	(17,000)	100,130	70,416	29,714
BOE Other Purchased Services	4,000		4,000	2,046	1,954
Other Purch. Serv. (400-500 series other than 530 & 585)	15,000		15,000	11,001	3,999
General Supplies	9,500		9,500	5,002	4,498
BOE In-house training/ Meeting Supplies	3,655	2,000	5,655	4,302	1,353
Judgments Against The School District	15,000		15,000		15,000
Miscellaneous Expenditures	9,500	(2,000)	7,500	4,317	3,183
BOE Membership Dues and Fees	10,500		10,500	9,244	1,256
Total Undist. Expend.-Support Serv.-Gen. Admin.	644,244		644,244	539,817	104,427

BOROUGH OF HILLSDALE 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
Undist. Expend.-Support Serv.-School Adm.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 604,987	\$	\$ 604,987	604,987	
Salaries of Secretarial and Clerical Assistants	226,832	2,500	229,332	227,793	\$ 1,539
Other Salaries	3,500	(2,500)	1,000	569	431
Other Purchased Services (400-500 series)	7,000	(300)	6,700	4,919	1,781
Supplies and Materials	9,529	300	9,829	7,844	1,985
Total Undist. Expend.-Support Serv.-School Adm.	851,848		851,848	846,112	5,736
Undist. Expend. - Central Services:					
Salaries	201,491	1,035	202,526	202,526	
Purchased Technical Services	47,000	1,465	48,465	41,740	6,725
Miscellaneous Purchased Services (400-500 series other than 594)	13,184	(2,500)	10,684	4,352	6,332
Supplies and Materials	13,028		13,028	6,224	6,804
Other Objects	7,000		7,000	1,608	5,392
Total Undist. Expend. - Central Services	281,703		281,703	256,450	25,253
Undist. Expend. - Admin. Info. Technology:					
Salaries	56,467	350	56,817	56,787	30
Purchased Technical Services	90,000	(350)	89,650	67,030	22,620
Total Undist. Expend. - Admin. Info. Technology	146,467		146,467	123,817	22,650
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	107,938	500	108,438	108,327	111
Cleaning, Repair, and Maintenance Services	347,959	82,000	429,959	253,096	176,863
Lead Testing of Drinking Water	10,000	(2,500)	7,500	4,275	3,225
General Supplies	62,534	85,000	147,534	24,823	122,711
Total Undist. Expend.- Required Maint. for School Facilities	528,431	165,000	693,431	390,521	302,910

BOROUGH OF HILLSDALE 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
Undist. Expend.-Custodial Services:					
Salaries	\$ 260,649	\$ 24,300	\$ 284,949	\$ 275,770	\$ 9,179
Salaries of Non-Instructional Aides	96,624	(4,800)	91,824	12,189	79,635
Purchased Professional and Technical Services	8,200		8,200	1,500	6,700
Cleaning, Repair, and Maintenance Services	971,248	(50,795)	920,453	891,411	29,042
Insurance	170,894	3,053	173,947	173,947	
General Supplies	138,488		138,488	80,337	58,151
Energy (Natural Gas)	303,146	(45,000)	258,146	144,848	113,298
Energy (Electricity)	435,756	(139,100)	296,656	183,495	113,161
Energy (Gasoline)	9,000	500	9,500	7,006	2,494
Other Objects	17,639	600	18,239	17,873	366
Total Undist. Expend.-Custodial Services	2,411,644	(211,242)	2,200,402	1,788,376	412,026
Security:					
Purchased Professional and Technical Services	125,852		125,852	83,299	42,553
Total Security	125,852		125,852	83,299	42,553
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	3,065,927	(46,242)	3,019,685	2,262,196	757,489
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	71,828		71,828	8,072	63,756
Contract. Serv.(Bet. Home & Sch.)-Vendors	206,034	121,322	327,356	245,885	81,471
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	36,100	(23,080)	13,020	12,239	781
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	326,221	68,000	394,221	298,260	95,961
Total Undist. Expend.-Student Trans. Serv.	640,183	166,242	806,425	564,456	241,969

BOROUGH OF HILLSDALE 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
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 231,128	\$ (1)	\$ 231,127	\$ 222,479	\$ 8,648
Other Retirement Contributions - PERS	202,727	2,035	204,762	204,762	
Other Retirement Contributions - Regular	44,301	(2,035)	42,266	29,955	12,311
Workers Compensation	126,402	(1)	126,401	45,885	80,516
Health Benefits	3,443,488	(26,601)	3,416,887	2,450,473	966,414
Other Employee Benefits	130,000	28,550	158,550	133,948	24,602
Unused Sick Payment to Terminated/Retired Staff	15,000	(15,000)			
TOTAL UNALLOCATED BENEFITS	4,193,046	(13,053)	4,179,993	3,087,502	1,092,491
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				970,125	(970,125)
TPAF Pension Contributions (Non-Budgeted)				4,094,447	(4,094,447)
TPAF Non-Contributory Insurance (Non-Budgeted)				57,767	(57,767)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,373	(1,373)
Reimbursed TPAF Social Security Contributions				858,583	(858,583)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				5,982,295	(5,982,295)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,193,046	(13,053)	4,179,993	9,069,797	(4,889,804)
TOTAL UNDISTRIBUTED EXPENDITURES	14,930,984	130,089	15,061,073	18,115,281	(3,054,208)
TOTAL GENERAL CURRENT EXPENSE	25,996,430	204,541	26,200,971	28,679,760	(2,478,789)
CAPITAL OUTLAY					
Undistributed:					
School Buses - Regular		40,669	40,669		40,669
Total Equipment		40,669	40,669		40,669

BOROUGH OF HILLSDALE 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
CAPITAL OUTLAY					
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 485,000	\$	\$ 485,000	\$ 477,047	\$ 7,953
Supplies and Materials	54,743		54,743	54,743	
Assessment for Debt Service on SDA Funding	21,633		21,633	21,633	
Total Facilities Acquisition and Construction Serv.	561,376		561,376	553,423	7,953
TOTAL CAPITAL OUTLAY	561,376	\$ 40,669	602,045	553,423	48,622
SPECIAL SCHOOLS					
Summer School - Instruction:					
Salaries of Teachers	30,000		30,000	24,726	5,274
Other Salaries for Instruction	20,000		20,000	12,368	7,632
Total Summer School - Instruction	50,000		50,000	37,094	12,906
TOTAL SPECIAL SCHOOLS	50,000		50,000	37,094	12,906
TOTAL EXPENDITURES	26,607,806	245,210	26,853,016	29,270,277	(2,417,261)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,985,850)	(245,210)	(3,231,060)	899,171	4,130,231
Other Financing Sources/(Uses):					
Transfers from Other Funds				13	(13)
				13	(13)
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,985,850)	(245,210)	(3,231,060)	899,184	4,130,218
Fund Balance, July 1	5,464,892		5,464,892	5,464,892	
Fund Balance, June 30	\$ 2,479,042	\$ (245,210)	\$ 2,233,832	\$ 6,364,076	\$ 4,130,218

BOROUGH OF HILLSDALE 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>
<u>Recapitulation:</u>					
<u>Restricted Fund Balance:</u>					
Excess Surplus - Restricted For 2023-2024				\$ 750,000	
Excess Surplus - Restricted For 2022-2023				250,000	
Capital Reserve				1,265,249	
Maintenance Reserve				340,352	
Unemployment Compensation				121,702	
<u>Assigned Fund Balance:</u>					
Year End Encumbrances				823,956	
Designated for Subsequent Year's Expenditures				1,390,708	
Unassigned Fund Balance				1,422,109	
				<u>6,364,076</u>	
				<u>(108,027)</u>	
<u>Reconciliation to Governmental Funds Statement (GAAP):</u>					
Last Two State Aid Payments not Recognized on GAAP basis				\$ 6,256,049	
Fund Balance per Governmental Funds (GAAP)				<u><u>6,256,049</u></u>	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
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	\$ 500	\$ 228,427	\$ 228,927	\$ 228,927	
State Sources		178,004	178,004	181,764	\$ 3,760
Federal Sources	270,000	1,643,164	1,913,164	715,889	(1,197,275)
Total Revenues	270,500	2,049,595	2,320,095	1,126,580	(1,193,515)
EXPENDITURES:					
Instruction:					
Salaries		167,983	167,983	14,898	153,085
Purchased Professional and Technical Services		39,545	39,545	41,387	(1,842)
Tuition	240,000	103,058	343,058	343,058	
General Supplies	10,000	130,582	140,582	114,296	26,286
Textbooks		10,924	10,924	10,924	
Other Objects		44,044	44,044	44,044	
Total Instruction	250,000	496,136	746,136	568,607	177,529
Support Services:					
Salaries of Other Professional Staff		58,000	58,000	58,000	
Personal Services - Employee Benefits		40,009	40,009		40,009
Purchased Professional and Technical Services	9,000	118,292	127,292	44,295	82,997
Other Purchased Services		99,740	99,740	79,033	20,707
Supplies and Materials	11,000	51,646	62,646	32,847	29,799
Student Activities	500	256,676	257,176	257,176	
Total Support Services	20,500	624,363	644,863	471,351	173,512
Facilities Acquisition and Construction Services:					
Building Improvements		957,345	957,345	114,871	842,474
Total Facilities Acquisition and Construction Services		957,345	957,345	114,871	842,474
Total Expenditures	270,500	2,077,844	2,348,344	1,154,829	1,193,515
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ (28,249)	\$ (28,249)	\$ (28,249)	\$ -0-

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 30,169,448	\$ 1,126,580
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis.		(54,450)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	99,563	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(108,027)	
	\$ 30,160,984	\$ 1,072,130
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 30,160,984	\$ 1,072,130
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 29,270,277	\$ 1,154,829
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.		(54,450)
	\$ 29,270,277	\$ 1,100,379
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 29,270,277	\$ 1,100,379

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act			CRRSA		
	Title I	Title II A	Title III	ESSER II	Learning Acceleration	Mental Health
REVENUE:						
State Sources						
Federal Sources	\$ 82,908	\$ 25,013	\$ 2,700	\$ 145,258	\$ 6,300	\$ 30,107
Total Revenue	82,908	25,013	2,700	145,258	6,300	30,107
EXPENDITURES:						
Instruction:						
Salaries of Teachers					6,300	
Purchased Professional and Technical Services	29,476	5,916	2,700			
Tuition						
General Supplies	53,432			50,655		
Textbooks						
Other Objects						
Total Instruction	82,908	5,916	2,700	50,655	6,300	
Support Services:						
Salaries of Other Professional Staff				30,143		27,857
Purchased Professional and Technical Services						2,250
Other Purchased Services		19,097		13,750		
Supplies and Materials						
Student Activities						
Total Support Services		19,097		43,893		30,107
Facilities Acquisition:						
Building Improvements				50,710		
Total Facilities Acquisition				50,710		
Total Expenditures	\$ 82,908	\$ 25,013	\$ 2,700	\$ 145,258	\$ 6,300	\$ 30,107

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP					
	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Security Aid
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 54,554	\$ 4,917	\$ 22,102	\$ 7,644	\$ 10,924	\$ 36,400
Total Revenue	54,554	4,917	22,102	7,644	10,924	36,400
EXPENDITURES:						
Instruction:						
Salaries of Teachers			8,598			
Purchased Professional and Technical Services			3,295			
Tuition	54,554	4,917	10,209		10,924	36,400
General Supplies						
Textbooks						
Other Objects				7,644		
Total Instruction	54,554	4,917	22,102	7,644	10,924	36,400
Support Services:						
Salaries of Other Professional Staff						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Total Support Services						
Facilities Acquisition:						
Building Improvements						
Total Facilities Acquisition						
Total Expenditures	54,554	4,917	22,102	7,644	10,924	36,400

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA Part B Basic	IDEA Part B Preschool	Examination & Classification	Non-Public Handicapped Services			
				Corrective Speech	Supplemental Instruction	Compensatory Education	
REVENUE:							
Local Sources							
State Sources	\$ 297,082	\$ 28,550	\$ 22,226	\$ 15,790	\$ 10,209	\$ 30,808	
Federal Sources							
Total Revenue	297,082	28,550	22,226	15,790	10,209	30,808	
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Purchased Professional and Technical Services							
Tuition	283,587						
General Supplies							
Textbooks							
Other Objects							
Total Instruction	283,587						
Support Services:							
Salaries of Other Professional Staff							
Purchased Professional and Technical Services	13,495	28,550	22,226	15,790	10,209	30,808	
Other Purchased Services							
Supplies and Materials							
Student Activities							
Total Support Services	13,495	28,550	22,226	15,790	10,209	30,808	
Facilities Acquisition:							
Building Improvements							
Total Facilities Acquisition							
Total Expenditures	\$ 297,082	\$ 28,550	\$ 22,226	\$ 15,790	\$ 10,209	\$ 30,808	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Student Activities	SDA Emergency & Capital Needs	ARP ESSER III	Totals June 30, 2022
REVENUE:				
Local Sources	228,927			228,927
State Sources		25,661		181,764
Federal Sources			38,500	715,889
Total Revenue	228,927	25,661	38,500	1,126,580
EXPENDITURES:				
Instruction:				
Salaries of Teachers				14,898
Purchased Professional and Technical Services				41,387
Tuition				343,058
General Supplies				114,296
Textbooks				10,924
Other Objects				44,044
Total Instruction				568,607
Support Services:				
Salaries of Other Professional Staff				58,000
Purchased Professional and Technical Services				44,295
Other Purchased Services				79,033
Supplies and Materials				32,847
Student Activities	257,176			257,176
Total Support Services	257,176			471,351
Facilities Acquisition:				
Building Improvements		25,661	38,500	114,871
Total Facilities Acquisition		25,661	38,500	114,871
Total Expenditures	257,176	25,661	38,500	1,154,829

CAPITAL PROJECTS FUND

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
AND PROJECT STATUS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Revenue and Other Financing Sources:	
Interest Revenue	\$ 13
	<hr/>
Total Revenue and Other Financing Sources	13
	<hr/>
Expenditures and Other Financing Uses:	
Transfers Out:	
General Fund - Interest Earned	13
	<hr/>
Total Expenditures and Other Financing Uses	13
	<hr/>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
	<hr/>
Fund Balance - Beginning	-0-
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 143,654
Accounts Receivable:	
Federal	19,473
State	449
Inventories	<u>4,059</u>
Total Current Assets	<u>167,635</u>
Non- Current Assets:	
Capital Assets:	
Capital Assets	125,975
Net of Accumulated Depreciation	<u>(96,551)</u>
Total Non- Current Assets	<u>29,424</u>
Total Assets	<u>197,059</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable -Vendors	4,369
Unearned Revenue - Donated Commodities	3,458
Unearned Revenue - Prepaid Sales	<u>17,144</u>
Total Current Liabilities	<u>24,971</u>
Total Liabilities	<u>24,971</u>
NET POSITION:	
Investment in Capital Assets	29,424
Unrestricted	<u>142,664</u>
Total Net Position	<u>\$ 172,088</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Daily Sales - Non Reimbursable Programs	\$ 2,083
	<hr/>
Total Operating Revenue	2,083
	<hr/>
Operating Expenses:	
Cost of Sales - Non Reimbursable Programs	152,802
Salaries, Benefits and Payroll Taxes	209,423
Purchased Property Services	15,957
Supplies and Materials	9,631
Depreciation Expense	4,310
	<hr/>
Total Operating Expenses	392,123
	<hr/>
Operating (Loss)	(390,040)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
Seamless Summer Option	420,605
Food Distribution Program	9,690
State Sources:	
Seamless Summer Option	9,878
Local Sources:	
Interest Revenue	272
	<hr/>
Total Non-Operating Revenue	440,445
	<hr/>
Change in Net Position	50,405
	<hr/>
Net Position - Beginning of Year	121,683
	<hr/>
Net Position - End of Year	\$ 172,088
	<hr/> <hr/>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 2,083
Payments to Food Service Vendor	(395,301)
Payments to Suppliers	(8,831)
	<hr/>
Net Cash (Used for) Operating Activities	(402,049)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	272
	<hr/>
Net Cash Provided by Investing Activities	272
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
Seamless Summer Option	408,371
State Sources	
Seamless Summer Option	9,945
	<hr/>
Net Cash Provided by Noncapital Financing Activities	418,316
	<hr/>
Net Increase in Cash and Cash Equivalents	16,539
Cash and Cash Equivalents, July 1	127,115
	<hr/>
Cash and Cash Equivalents, June 30	\$ 143,654
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (390,040)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	9,690
Changes in Assets and Liabilities:	
Decrease in Inventories	(379)
Increase in Accounts Payable	(23,701)
(Decrease) in Unearned Revenue - Donated Commodities	(594)
(Decrease) in Unearned Revenue- Prepaid Sales	(1,335)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (402,049)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$9,096 and utilized commodities valued at \$9,690 for the fiscal year ended June 30, 2022.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2021	Retired or Matured	Balance June 30, 2022
			Date	Outstanding June 30, 2022 Amount				
Refunding Bonds of 2012	12/4/2012	\$ 3,815,000	07/15/22	\$ 425,000	4.000%	\$ 1,215,000	\$ 425,000	\$ 790,000
			07/15/23	365,000	4.000%			
						\$ 1,215,000	\$ 425,000	\$ 790,000

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2021</u>	<u>Matured</u>	<u>Balance June 30, 2022</u>
Bipolar Ionization Devices	1.52%	\$ 160,000	\$ 160,000	\$ 52,956	\$ 107,044
			.		
			<u>\$ 160,000</u>	<u>\$ 52,956</u>	<u>\$ 107,044</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 465,100		\$ 465,100	\$ 465,100	
Total Revenues	465,100		465,100	465,100	
EXPENDITURES:					
Regular Debt Service:					
Interest	40,100		40,100	40,100	
Redemption of Principal	425,000		425,000	425,000	
Total Regular Debt Service	465,100		465,100	465,100	
Total Expenditures	465,100		465,100	465,100	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -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

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(actual basis of accounting)

UNAUDITED

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Net Investment in Capital Assets	\$ 9,483,673	\$ 10,312,427	\$ 10,968,957	\$ 11,651,357	\$ 11,763,797	\$ 12,118,748	\$ 12,267,265	\$ 12,227,331	\$ 12,086,080	\$ 12,555,704
Restricted	1,981,497	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746
Unrestricted/(Deficit)	(186,751)	(4,342,929)	(3,663,287)	(4,230,049)	(4,862,881)	(4,432,924)	(4,294,331)	(4,336,909)	(3,477,362)	(1,663,127)
Total Governmental Activities Net Position	\$ 11,278,419	\$ 7,939,837	\$ 8,733,911	\$ 9,243,896	\$ 9,147,893	\$ 9,255,806	\$ 9,368,683	\$ 10,654,144	\$ 11,634,786	\$ 13,651,323
Business-Type Activities:										
Investment in Capital Assets	\$ 35,798	\$ 31,820	\$ 27,843	\$ 42,287	\$ 37,975	\$ 39,559	\$ 35,137	\$ 38,274	\$ 33,734	\$ 29,424
Unrestricted	64,102	66,786	77,893	70,253	83,746	88,112	94,230	106,914	87,949	142,664
Total Business-Type Activities Net Position	\$ 99,900	\$ 98,606	\$ 105,736	\$ 112,540	\$ 121,721	\$ 127,671	\$ 129,367	\$ 145,188	\$ 121,683	\$ 172,088
District-Wide:										
Net Investment in Capital Assets	\$ 9,519,471	\$ 10,344,247	\$ 10,996,800	\$ 11,693,644	\$ 11,801,772	\$ 12,158,307	\$ 12,302,402	\$ 12,265,605	\$ 12,119,814	\$ 12,585,128
Restricted	1,981,497	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746
Unrestricted/(Deficit)	(122,649)	(4,276,143)	(3,585,394)	(4,159,796)	(4,779,135)	(4,344,812)	(4,200,101)	(4,229,995)	(3,389,413)	(1,520,463)
Total District Net Position	\$ 11,378,319	\$ 8,038,443	\$ 8,839,647	\$ 9,356,436	\$ 9,269,614	\$ 9,383,477	\$ 9,498,050	\$ 10,799,332	\$ 11,756,469	\$ 13,823,411

Source: School District Financial Reports.

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

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 9,793,799	\$ 9,504,701	\$ 11,373,913	\$ 12,628,594	\$ 14,152,914	\$ 13,303,362	\$ 15,322,811	\$ 13,594,644	\$ 13,898,223	\$ 12,538,033
Special Education	2,627,118	2,358,597	3,588,169	3,577,721	4,219,712	4,044,204	3,933,547	3,996,199	4,108,517	3,793,567
Other Special Instruction	213,159	282,164	298,466	212,912	242,666	258,652	347,345	354,079	299,487	490,108
Other Instruction	169,998	110,985	133,354	151,824	143,702	134,172	149,514	134,463	28,481	112,533
Support Services:										
Tuition	723,776	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946	1,051,632	1,301,941
Student & Instruction Related Services	3,082,801	3,426,546	3,645,631	3,868,747	4,302,335	4,603,753	3,696,079	4,546,812	4,430,099	4,624,936
General Administrative Services	487,398	496,940	434,410	681,974	470,098	492,180	539,732	596,070	602,203	642,770
School Administrative Services	1,004,647	961,813	1,019,201	1,185,445	1,339,033	1,295,007	1,327,535	1,322,299	1,370,020	1,316,069
Central Services	447,184	467,903	413,524	422,260	411,762	400,619	485,385	444,504	317,521	368,899
Administration Information Technology	123,289	145,762	122,673	123,939	135,179	156,401	138,965	134,420	136,887	143,711
Plant Operations and Maintenance	1,812,188	2,035,440	2,170,695	1,959,349	2,323,710	2,048,386	2,279,929	2,201,262	2,327,561	2,411,508
Pupil Transportation	468,777	456,756	470,899	419,228	464,553	515,896	547,885	492,007	471,270	578,578
Special Schools	25,025	23,412	29,219	32,428	22,904	15,843	44,986	30,084	25,389	48,602
Capital Outlay	70,066	117,656	129,642	32,703	21,633	21,633	21,636	22,133	21,633	21,633
Interest on Long-term Debt	259,439	160,953	71,891	122,194	102,177	83,820	72,163	57,455	49,125	32,309
Unallocated Depreciation	338,499	346,453	391,737	392,898	393,490	418,603	418,603	423,529	423,529	452,630
Total Governmental Activities Expenses	21,647,163	22,013,721	24,990,244	26,698,109	29,614,150	28,631,136	29,982,238	29,192,906	29,561,577	28,856,194
Business-Type Activities:										
Food Service	293,915	295,750	268,503	280,648	286,247	292,960	315,683	248,284	154,567	392,123
Total Business-Type Activities Expenses	293,915	295,750	268,503	280,648	286,247	292,960	315,683	248,284	154,567	392,123
Total District Expenses	21,941,078	22,309,471	25,258,747	26,978,757	29,900,397	28,924,096	30,297,921	29,441,190	29,716,144	29,248,317
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	74,466	63,496	20,600	23,400	27,200	28,100	44,424	57,200	40,600	45,182
Student & Instruction Related Services	18,440	27,475	27,280	26,675	25,605	60,530	52,480	65,490	17,250	228,927
Transportation	3,466,990	3,284,353	5,844,311	6,845,870	8,743,572	7,690,295	8,394,630	7,952,651	7,857,713	59,692
Operating Grants and Contributions	3,559,896	3,375,324	5,892,191	6,895,945	8,796,377	7,778,925	8,491,534	8,075,341	7,915,563	7,516,273
Total Governmental Activities Program Revenues	7,869,782	7,351,070	11,814,382	13,762,360	16,613,154	15,538,275	16,389,127	16,630,782	15,929,126	15,350,174

* Restated

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

UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 241,529	\$ 222,363	\$ 201,275	\$ 200,126	\$ 222,866	\$ 222,095	\$ 235,963	\$ 202,571	\$ 2,762	\$ 2,083
Operating Grants and Contributions	72,658	71,674	74,034	74,646	72,124	76,220	79,372	59,432	127,994	440,173
Total Business-Type Activities Revenues	314,187	294,037	275,309	274,772	294,990	298,315	315,335	262,003	130,756	442,256
Total District Program Revenues	3,874,083	3,669,361	6,167,500	7,170,717	9,091,367	8,077,240	8,806,869	8,337,344	8,046,319	8,292,330
Net (Expense)/Revenue										
Governmental Activities	(18,087,267)	(18,638,397)	(19,098,053)	(19,802,164)	(20,817,773)	(20,852,211)	(21,490,704)	(21,117,565)	(21,646,014)	(21,006,120)
Business-Type Activities	20,272	(1,713)	6,806	(5,876)	8,743	5,355	(348)	13,719	(23,811)	50,133
Total District Net (Expense)/Revenue	(18,066,995)	(18,640,110)	(19,091,247)	(19,808,040)	(20,809,030)	(20,846,856)	(21,491,052)	(21,103,846)	(21,669,825)	(20,955,987)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	18,354,600	18,716,186	19,084,895	19,460,866	19,850,082	20,442,524	21,051,711	21,472,745	21,997,999	22,437,957
Taxes Levied for Debt Service	801,388	766,468	727,174	728,242	699,542	460,300	463,975	467,200	474,900	465,100
Unrestricted Grants and Contributions	55,124	39,517	37,670	37,588	48,991	46,424	65,595	67,592	67,567	67,753
Interest and Miscellaneous Income	352,945	95,244	42,388	85,453	59,853	3,085	22,300	43,301	24,553	51,846
Cancellation of Prior Year Accounts Payable					63,302	7,791		150,152		
Debt Service Contribution	60,000								36,403	
Total Governmental Activities	19,624,057	19,617,415	19,892,127	20,312,149	20,721,770	20,960,124	21,603,581	22,200,990	22,601,422	23,022,656
Business-Type Activities:										
Investment Earnings	400	419	324	359	438	595	2,044	2,102	306	272
Special Item - Capital Asset Valuation Adjustment				12,321						
Total Business-Type Activities	400	419	324	12,680	438	595	2,044	2,102	306	272
Total District	19,624,457	19,617,834	19,892,451	20,324,829	20,722,208	20,960,719	21,605,625	22,203,092	22,601,728	23,022,928
Change in Net Position:										
Governmental Activities	1,536,790	979,017	794,074	509,985	(96,003)	107,913	112,877	1,083,425	955,408	2,016,536
Business-Type Activities	20,672	(1,294)	7,130	6,804	9,181	5,950	1,696	15,821	(23,505)	50,405
Total District	\$ 1,557,462	\$ 977,723	\$ 801,204	\$ 516,789	\$ (86,822)	\$ 113,863	\$ 114,573	\$ 1,099,246	\$ 931,903	\$ 2,066,941

Source: School District Financial Reports.

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

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	\$ 1,971,465	\$ 1,960,312	\$ 1,428,241	\$ 1,822,588	\$ 2,246,977	\$ 1,569,982	\$ 1,395,749	\$ 2,648,256	\$ 2,966,376	\$ 2,727,303
Assigned	759,369	912,811	1,053,311	819,737	550,517	1,382,629	1,425,918	1,347,524	1,457,808	2,214,664
Unassigned	307,654	322,693	852,958	693,252	723,212	359,064	465,428	377,320	941,145	1,314,082
Total General Fund	\$ 3,038,488	\$ 3,195,816	\$ 3,334,510	\$ 3,335,577	\$ 3,520,706	\$ 3,311,675	\$ 3,287,095	\$ 4,373,100	\$ 5,365,329	\$ 6,256,049
All Other Governmental Funds:										
Restricted	\$ 10,032	\$ 10,027	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443
Total All Other Governmental Funds	\$ 10,032	\$ 10,027	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Tax Levy	\$ 19,155,988	\$ 19,482,654	\$ 19,812,069	\$ 20,189,108	\$ 20,549,624	\$ 20,902,824	\$ 21,515,686	\$ 21,939,945	\$ 22,472,899	\$ 22,903,057
Tuition Charges	74,466	63,496	20,600	23,400	27,200	28,100	44,424	57,200	40,600	45,182
Miscellaneous	68,780	230,223	258,533	88,252	156,753	137,427	160,234	199,685	161,637	340,466
State Sources	3,123,355	2,825,895	3,137,430	3,494,340	3,738,491	4,346,494	4,911,238	5,116,593	6,200,467	7,705,051
Federal Sources	411,372	390,472	416,715	481,702	470,628	473,283	494,183	454,447	607,105	704,472
Total Revenues	22,833,961	22,992,740	23,645,347	24,276,802	24,942,696	25,888,128	27,125,765	27,767,870	29,482,708	31,698,228
Expenditures:										
Instruction:										
Regular Instruction	6,987,423	6,873,450	6,868,712	7,268,204	7,305,761	7,394,609	8,048,601	7,722,593	8,112,373	8,262,293
Special Education Instruction	1,934,693	1,709,357	2,382,651	2,038,344	2,154,956	2,187,091	2,148,818	2,212,043	2,342,020	2,418,122
Other Special Instruction	147,227	197,723	176,454	118,476	120,724	138,446	187,009	194,472	170,668	312,259
Other Instruction	120,739	84,530	84,377	92,413	75,232	74,801	86,322	81,650	16,895	71,950
Support Services:										
Tuition	723,776	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946	1,051,632	1,301,941
Student & Instruction Related Services	2,537,006	2,918,460	3,024,974	3,190,222	3,515,336	3,866,607	3,754,080	3,708,873	3,804,878	3,750,929
General Administrative Services	434,825	441,756	385,227	593,166	417,295	439,840	454,515	505,561	543,761	539,817
School Administrative Services	733,341	714,191	687,743	733,611	744,544	764,020	775,182	794,508	875,899	846,112
Central Services	340,558	337,922	312,115	316,152	301,232	291,194	305,503	312,478	235,020	256,450
Administration Information Technology	109,117	133,071	109,135	110,546	121,111	141,475	119,553	118,261	122,778	123,817
Plant Operations and Maintenance	1,681,216	1,883,900	1,995,186	1,776,992	2,126,744	1,869,099	2,065,331	2,027,896	2,178,964	2,262,196
Pupil Transportation	454,655	437,422	448,859	405,106	450,431	501,774	533,763	477,885	457,148	564,456
Unallocated Benefits	4,657,670	4,481,223	4,874,075	5,360,586	5,839,206	6,619,474	7,176,578	7,309,265	8,153,259	9,069,797
Special Schools	20,490	19,136	23,657	26,206	17,943	12,521	33,983	22,798	20,828	37,094
Capital Outlay	294,443	713,822	704,397	626,806	58,254	578,331	341,009	120,158	181,633	553,423
Debt Service:										
Principal	590,000	605,000	595,000	605,000	595,000	370,000	385,000	400,000	420,000	425,000
Interest and Other Charges	199,916	166,814	146,858	128,175	109,095	90,300	78,975	67,200	54,900	40,100
Total Expenditures	21,967,095	22,835,417	23,516,240	24,275,898	24,821,146	26,178,187	27,150,345	26,918,587	28,742,656	30,835,756
Excess (Deficiency) of Revenues Over (Under) Expenditures	866,866	157,323	129,107	904	121,550	(290,059)	(24,580)	849,283	740,052	862,472

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Transfers In	\$ 4	\$ 3	\$ 3	\$ 13	\$ 33	\$ 79	\$ 137	\$ 95	\$ 4	\$ 13
Transfers Out	(4)	(3)	(4)	(13)	(33)	(79)	(137)	(95)	(4)	(13)
Refunded Bond Issued	3,815,000									
Bonds Defeased	(4,074,000)									
Bond Premium	421,311									
Bond Issuance Cost	(75,688)									
Deferred Interest	(153,824)									
Debt Service Contribution	60,000									
Insurance Reimbursement	98,193									
Financed Purchases (Non-Budgeted)					63,302	73,237			160,000	
Cancellation of Prior Year Accounts Payable						7,791		150,152	36,403	
Total Other Financing Sources (Uses)	90,992	-0-	-0-	-0-	63,302	81,028	-0-	150,152	196,403	-0-
Net Change in Fund Balances	\$ 957,858	\$ 157,323	\$ 129,107	\$ 904	\$ 184,852	\$ (209,031)	\$ (24,580)	\$ 999,435	\$ 936,455	\$ 862,472
Debt Service as a Percentage of Noncapital Expenditures	3.8 %	3.6 %	3.4 %	3.2 %	2.9 %	1.8 %	1.8 %	1.8 %	1.7 %	1.6 %

Source: School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2013	\$ 9,998	\$ 74,466	18,440	\$ 34,511	\$ 137,415
2014	11,190	63,496	27,475	56,577	158,738
2015	9,963	20,600	27,280	5,141	62,984
2016	10,630	23,400	23,675	51,135	108,840
2017	6,167	27,200	25,605	53,653	112,625
2018	2,558	28,100	60,530	448	91,636
2019	3,472	44,424	52,480	18,691	119,067
2020	17,102	57,200	65,490	26,104	165,896
2021	2,774	40,600	17,250	21,775	82,399
2022	2,584	45,182	59,692	49,250	156,708

Source: Borough of Hillsdale School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Direct School Tax Rate ^b	Total School Tax Rate ^b	Estimated Actual (County Equalized Value)
2012	\$ 15,382,100	\$ 1,809,213,560	\$ 745,000	\$ 13,100	\$ 106,992,800	\$ 13,747,600	\$ 1,995,300	\$ 1,948,089,460	\$ 153,491,400	\$ 8,428,811	\$ 1,956,518,271	\$ 0.97	\$ 1.893	\$ 1,893,124,566
2013	* 11,462,800	1,543,338,400	676,200	12,200	97,389,700	12,029,100	4,959,700	1,669,868,100	140,637,400	6,484,341	1,676,352,441	1.15	1.15	1,760,985,490
2014	10,606,300	1,543,881,100	621,800	12,200	97,025,800	12,029,100	4,959,700	1,669,136,000	140,724,900	5,466,941	1,674,602,941	1.17	1.17	1,810,828,300
2015	10,606,300	1,544,839,900	621,800	12,200	96,902,400	12,029,100	4,959,700	1,669,971,400	140,595,200	5,459,352	1,675,430,752	1.19	1.19	1,778,154,309
2016	10,541,400	1,547,451,500	621,800	12,200	96,611,800	12,029,100	4,959,700	1,672,227,500	140,242,900	5,840,947	1,678,068,447	1.22	1.22	1,797,317,792
2017	10,204,700	1,550,344,000	621,800	12,200	96,744,900	12,029,100	4,959,700	1,674,916,400	140,448,700	5,839,516	1,680,755,916	1.24	1.24	1,819,081,316
2018	14,139,500	1,553,102,200	621,800	12,200	94,928,700	12,029,100	4,959,700	1,679,793,200	140,448,700	5,873,363	1,685,666,563	1.26	1.26	1,813,645,677
2019	12,551,900	1,559,712,900	621,800	12,200	94,786,700	12,029,100	4,959,700	1,684,674,300	140,445,900	5,809,640	1,690,483,940	1.28	1.28	1,879,223,781
2020	11,070,200	1,563,453,300	621,800	12,200	97,111,900	11,944,100	7,119,700	1,691,333,200	140,502,100	5,888,257	1,697,221,457	1.32	1.32	1,873,441,718
2021	8,443,800	1,567,361,300	621,800	12,200	96,833,700	11,944,100	14,619,700	1,699,836,600	141,279,100	6,171,484	1,706,008,084	1.34	1.34	1,894,706,963

* Revaluation Year.

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

^b Tax rates are per \$100

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

Source: Municipal Tax Assessor

BOROUGH OF HILLSDALE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS

(rate per \$100 of assessed value)

UNAUDITED

Year Ended December 31,	Borough of Hillsdale School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hillsdale	Pascack Valley Regional High School District	Bergen County	
2012	\$ 0.93	\$ 0.04	\$ 0.97	\$ 0.44	\$ 0.54	\$ 0.21	\$ 2.16
2013	* 1.11	0.05	1.15	0.53	0.65	0.24	2.57
2014	1.13	0.04	1.17	0.54	0.65	0.25	2.61
2015	1.15	0.04	1.19	0.55	0.63	0.26	2.63
2016	1.18	0.04	1.22	0.56	0.68	0.26	2.71
2017	1.21	0.03	1.24	0.57	0.68	0.27	2.76
2018	1.23	0.03	1.26	0.58	0.70	0.26	2.80
2019	1.28	0.03	1.28	0.60	0.75	0.27	2.90
2020	1.30	0.03	1.32	0.60	0.71	0.27	2.91
2021	1.32	0.03	1.34	0.62	0.72	0.28	2.97

* Revaluation Year.

^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.

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

Source: Municipal Tax Collector and School Business Administrator

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

	2022		2013			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
New Creek LLC		\$ 11,472,700	0.68 %	New Creek LLC	\$ 10,677,700	0.54 %
Cross Roads - Hillsdale Association LLC		9,126,400	0.54 %	Cross Roads - Hillsdale Association LLC	9,166,100	0.47 %
305 Patterson Street, LLC		7,500,000	0.44 %	New Jersey Bell, C/O Duff & Phelps	8,428,811	0.43 %
New Jersey Bell		6,171,484	0.36 %	Edgewood Golf Course Realty Assoc., LLC	3,480,000	0.18 %
Public Service Electric and Gas Co.		3,100,000	0.18 %	New Jersey Bell	3,365,000	0.17 %
Edgewood Golf Course Realty Assoc., LLC		3,069,400	0.18 %	Pavonia Equities, LP	2,900,000	0.15 %
Pavonia Equities, LP		3,008,100	0.18 %	Marsala Enterprises	2,710,100	0.14 %
Marsala Enterprises		2,651,000	0.16 %	Park Ave. Associates, LLC	1,768,200	0.09 %
100 Park Ave Assoc., LLC		2,560,000	0.15 %	Public Service Electric and Gas Co.	1,313,200	0.07 %
New Jersey Bell		2,400,000	0.14 %	371 Retail Associates, LLC	878,500	0.04 %
Total		\$ 51,059,084	3.01 %	Total	\$ 44,687,611	2.28 %

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

Source: Municipal Tax Assessor

BOROUGH OF HILLSDALE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2013	\$ 19,155,988	\$ 19,155,988	100.00 %	-0-
2014	19,482,654	19,482,654	100.00 %	-0-
2015	19,812,069	19,812,069	100.00 %	-0-
2016	20,189,108	20,189,108	100.00 %	-0-
2017	20,549,624	20,549,624	100.00 %	-0-
2018	20,902,824	20,902,824	100.00 %	-0-
2019	21,515,686	21,515,686	100.00 %	-0-
2020	21,939,945	21,939,945	100.00 %	-0-
2021	22,472,899	22,472,899	100.00 %	-0-
2022	22,903,057	22,903,057	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: Borough of Hillsdale School District records, including the Certificate and Report of Report of School Taxes (A4F form).

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

Fiscal Year Ended June 30,	Governmental Activities			Business -Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Bond Anticipation Notes (BANs)	Financed Purchases			
2013	\$ 5,190,000	\$ -0-	\$ 83,338	\$ -0-	\$ -0-	\$ 5,273,338	0.71 %	\$ 511.13
2014	4,585,000	-0-	-0-	-0-	-0-	4,585,000	0.62 %	443.25
2015	3,990,000	-0-	-0-	-0-	-0-	3,990,000	0.52 %	385.28
2016	3,385,000	-0-	-0-	-0-	-0-	3,385,000	0.42 %	326.11
2017	2,790,000	-0-	-0-	-0-	-0-	2,790,000	0.34 %	269.10
2018	2,420,000	-0-	47,771	-0-	-0-	2,467,771	0.29 %	237.70
2019	2,035,000	-0-	23,292	-0-	-0-	2,058,292	0.23 %	198.96
2020	1,635,000	-0-	-0-	-0-	-0-	1,635,000	0.18 %	158.63
2021	1,215,000	-0-	160,000	-0-	-0-	1,375,000	0.15 %	134.11
2022	790,000	-0-	107,044	-0-	-0-	897,044	0.10 %	89.10

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 5,190,000	\$ -0-	\$ 5,190,000	0.27 %	503.05
2014	4,585,000	-0-	4,585,000	0.27 %	443.25
2015	3,990,000	-0-	3,990,000	0.24 %	385.28
2016	3,385,000	-0-	3,385,000	0.20 %	326.11
2017	2,790,000	-0-	2,790,000	0.17 %	269.10
2018	2,420,000	-0-	2,420,000	0.14 %	233.10
2019	2,035,000	-0-	2,035,000	0.12 %	196.71
2020	1,635,000	-0-	1,635,000	0.10 %	158.63
2021	1,215,000	-0-	1,215,000	0.07 %	118.50
2022	790,000	-0-	790,000	0.05 %	78.47

^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 basic financial statements.

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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:			
Borough of Hillsdale	\$ 2,598,191	100.00 %	\$ 2,598,191
Bergen County General Obligation Debt	839,785,818	1.02 %	<u>8,538,810</u>
Subtotal, Overlapping Debt			11,137,002
Borough of Hillsdale School District Direct Debt			<u>790,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,927,002</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 residents and businesses of Hillsdale. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 1,857,004,299
2021	1,875,924,135
2022	1,961,500,808
	<u>\$ 5,694,429,242</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,898,143,081</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 56,944,292
Net Bonded School Debt at June 30, 2022	<u>790,000</u>
Legal Debt Margin	<u>\$ 56,154,292</u>

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 56,674,630	\$ 55,286,435	\$ 54,068,112	\$ 53,567,528	\$ 53,410,421
Total Net Debt Applicable to Limit	<u>5,190,000</u>	<u>4,585,000</u>	<u>3,990,000</u>	<u>3,385,000</u>	<u>2,790,000</u>
Legal Debt Margin	<u>\$ 51,484,630</u>	<u>\$ 50,701,435</u>	<u>\$ 50,078,112</u>	<u>\$ 50,182,528</u>	<u>\$ 50,620,421</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.16 %	8.29 %	7.38 %	6.32 %	5.22 %

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 53,816,585	\$ 54,710,556	\$ 55,210,278	\$ 55,977,077	\$ 56,944,292
Total Net Debt Applicable to Limit	<u>2,420,000</u>	<u>2,035,000</u>	<u>1,635,000</u>	<u>1,215,000</u>	<u>790,000</u>
Legal Debt Margin	<u>\$ 51,396,585</u>	<u>\$ 52,675,556</u>	<u>\$ 53,575,278</u>	<u>\$ 54,762,077</u>	<u>\$ 56,154,292</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.50 %	3.72 %	2.96 %	2.17 %	1.39 %

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2013	10,344	\$ 737,382,384	\$ 71,286	6.20%
2014	10,356	765,132,348	73,883	4.70%
2015	10,380	802,612,740	77,323	4.00%
2016	10,368	817,371,648	78,836	4.00%
2017	10,382	841,191,168	81,024	3.80%
2018	10,345	881,300,895	85,191	3.30%
2019	10,307	909,499,987	88,241	2.80%
2020	10,253	942,988,916	91,972	8.50%
2021	10,068	925,974,096 ***	91,972 **	5.70%
2022	10,068 *	925,974,096 ***	91,972 **	N/A

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

** - Latest Bergen County per capita personal income available (2020) was used for calculation purposes.

***- Latest available population data (2021) and latest Bergen County per capita personal income (2020) was used for calculation purposes

N/A - Not Available

Source:

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

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

NOT AVAILABLE

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

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

<u>Function/Program</u>	<u>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	87.15	87.15	89.15	89.15	89.15	90.10	90.50	89.75	102.35	102.95
Special Education	53.00	53.00	54.25	56.25	57.25	58.00	26.10	53.47	41.18	45.20
Support Services:										
Student & Instruction Related Services	25.74	25.74	25.74	25.74	25.74	26.74	26.74	26.82	25.76	27.36
General Administrative Services	2.50	2.50	2.50	3.00	3.00	3.00	3.00	2.60	2.60	2.60
School Administrative Services	8.00	8.00	8.00	9.00	10.00	9.50	9.50	7.55	7.67	7.67
Central Services	6.00	6.00	6.00	3.00	2.00	2.00	2.00	3.00	3.00	3.60
Plant Operations and Maintenance	10.30	10.30	10.30	10.30	10.30	5.00	5.00	5.00	7.00	7.40
Total	192.69	192.69	195.94	196.44	197.44	194.34	162.84	188.19	189.56	196.78

Source: District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Smith	Middle School White				
2013	1,337	\$ 20,882,736	\$ 15,619	8.34 %	116	1:10.0	1:10.5	1:11.0	1,334	1,281	-4.30 %	96.03 %
2014	1,300	21,349,781	16,423	5.15 %	119	1:10.0	1:10.5	1:11.0	1,305	1,256	-2.17 %	96.25 %
2015	1,257	22,107,748	17,588	7.09 %	119	1:10.0	1:10.5	1:11.0	1,253	1,207	-3.98 %	96.33 %
2016	1,181	22,915,917	19,404	10.33 %	124	1:9.5	1:9.5	1:9.0	1,179	1,136	-5.91 %	96.35 %
2017	1,189	24,058,797	20,234	4.28 %	122	1:9.5	1:9.5	1:9.5	1,187	1,136	0.68 %	95.70 %
2018	1,149	25,139,556	21,880	8.13 %	124	1:9.4	1:9.4	1:9.4	1,149	1,102	-3.20 %	95.91 %
2019	1,140	26,345,361	23,110	5.62 %	135	1:9.5	1:9.4	1:9.4	1,135	1,089	-1.22 %	95.95 %
2020	1,104	26,331,229	23,851	3.21 %	134	1:9.3	1:9.3	1:9.3	1,109	1,080	-2.29 %	97.39 %
2021	1,081	28,086,123	25,982	8.93 %	136	1:7.8	1:7.2	1:7.7	1,071	1,043	-3.43 %	97.42 %
2022	1,083	29,817,233	27,532	5.97 %	139	1:7.2	1:7.3	1:8.7	1,082	1,032	1.03 %	95.38 %

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

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

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

Note: Enrollment based on annual October District count.

Source: Borough of Hillsdale School District records.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
Meadowbrook School (1962)										
Square Feet	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	256	337	327	327	319	319	319	319	308	308
Smith School (1956)										
Square Feet	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950
Capacity (students)	465	465	465	465	465	465	465	465	465	465
Enrollment	351	333	309	309	294	294	290	290	291	291
White School (1922)										
Square Feet	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370
Capacity (students)	752	752	752	752	752	752	752	752	752	752
Enrollment	630	630	621	621	576	576	531	531	482	482
Board Office (1999)										
Square Feet	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820

Number of Schools at June 30, 2022
 Elementary = 2
 Middle School = 1
 Other = 1

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

Source: Borough of Hillsdale School District Board Office.

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

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

School Facilities*	Project # (s)	June 30,									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ann Blanche Smith	N/A	\$ 85,800	\$ 91,762	\$ 95,321	\$ 84,790	\$ 93,033	\$ 91,002	\$ 89,466	\$ 101,150	\$ 107,320	\$ 93,725
George G. White	N/A	137,026	161,305	206,640	102,914	327,830	114,179	148,191	172,261	141,078	124,966
Meadowbrook	N/A	82,643	84,917	90,214	73,428	105,413	87,834	97,056	101,174	179,496	160,114
Total School Facilities		<u>305,469</u>	<u>337,984</u>	<u>392,175</u>	<u>261,132</u>	<u>526,276</u>	<u>293,015</u>	<u>334,713</u>	<u>374,585</u>	<u>427,894</u>	<u>378,805</u>
<u>Other Facilities</u>											
Board Office	N/A	5,220	5,585	8,301	6,967	8,936	10,242	14,150	20,676	14,379	11,716
Grand Total		<u>\$ 310,689</u>	<u>\$ 343,569</u>	<u>\$ 400,476</u>	<u>\$ 268,099</u>	<u>\$ 535,212</u>	<u>\$ 303,257</u>	<u>\$ 348,863</u>	<u>\$ 395,261</u>	<u>\$ 442,273</u>	<u>\$ 390,521</u>

N/A - Not Applicable.

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

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022
UNAUDITED

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

Source: Borough of Hillsdale School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "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 Borough of Hillsdale School District (the "District"), in the County of Bergen, 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 February 6, 2023.

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

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

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

Report on Compliance and Other Matters

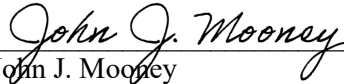
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
February 6, 2023


NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant



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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
 Borough of Hillsdale School District
 County of Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Borough of Hillsdale School District's (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.

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. 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.

Mount Arlington, New Jersey
February 6, 2023

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Enterprise Fund: U.S. Department of Agriculture: Passed-through State Department of Agriculture: Child Nutrition Cluster:	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	\$ 420,605			\$ (19,473)			
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	107,572	(7,239)					
U.S.D.A. Commodities Program	10.555	N/A	7/1/21-6/30/22	9,096				\$ 3,458		
U.S.D.A. Commodities Program	10.555	N/A	7/1/20-6/30/21	14,558						
Total Child Nutrition Cluster					(7,239)	\$ 4,052		(19,473)	3,458	
Total U.S. Department of Agriculture/Enterprise Fund					(7,239)	4,052		(19,473)	3,458	
Special Revenue Fund: U.S. Department of Education: Passed-through State Department of Education: Special Education Cluster:										
ID.E.A. Part B, Basic	84.027A	IDEA-2180-22	7/1/21-9/30/22	295,279				(63,565)		
ID.E.A. Part B, Basic	84.027A	IDEA-2180-21	7/1/20-9/30/21	300,441	(449)			(449)		
ID.E.A. Part B, Basic	84.027A	IDEA-2180-20	7/1/19-9/30/20	284,520		\$ 3,528			\$ 3,528	
ID.E.A. Part B, Preschool	84.173A	IDEA-2180-22	7/1/21-9/30/22	28,550				(27,400)		
COVID 19 - ARP - ID.E.A. Part B, Basic	84.027X	IDEA-2180-22	7/1/21-9/30/22	57,611				(54,554)		
COVID 19 - ARP - ID.E.A. Preschool	84.173X	IDEA-2180-22	7/1/21-9/30/22	4,917				(4,917)		
Total Special Education Cluster					(449)	3,528		(93,274)		3,528
Education Stabilization Fund: COVID-19 - CRBSA - ESSER II	84.425D	N/A	3/13/20-9/30/23	338,096				(145,258)		
COVID-19 - CRBSA - Learning Acceleration	84.425D	N/A	3/13/20-9/30/23	25,000				(6,300)		
COVID-19 - CRBSA - Mental Health	84.425D	N/A	3/13/20-9/30/23	45,000				(30,107)		
COVID-19 - ARP - ESSER III	84.425U	N/A	3/13/20-9/30/24	759,849				(38,500)		
Total Educational Stabilization Fund						3,528		(75,515)		3,528
Elementary and Secondary Education Act: Title I	84.010A	ESEA-2180-22	7/1/21-9/30/22	87,475				(8,612)		
Title I	84.010A	ESEA-2180-21	7/1/20-9/30/21	111,963	(1,736)				\$ 1,481	1,120
Title I/A	84.367A	ESEA-2180-22	7/1/21-9/30/22	26,523				(2,593)		
Title I/A	84.367A	ESEA-2180-21	7/1/20-9/30/21	31,718	(14,004)				14,724	2,235
Title I/A	84.367A	ESEA-2180-20	7/1/19-9/30/20	32,392	(166)				166	
Title III	84.365	ESEA-2180-22	7/1/21-9/30/22	2,714	(15,906)				(1,532)	
Total Elementary and Secondary Education Act					(16,355)			(110,621)	16,371	3,355
Total U.S. Department of Education					(16,355)	3,528		(181,526)	16,371	6,883
Total Special Revenue Fund					(16,355)	3,528		(181,526)	16,371	6,883
Total Federal Financial Awards					(23,594)	4,052		(200,999)	16,371	3,458
N/A - Not Available/Applicable										\$ -

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund State Aid:												
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	\$ 126,575	\$ (12,568)	\$ 12,568	\$					\$	126,575
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	11,741	(1,166)	1,166							11,741
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	808,446	(80,276)	80,276							808,446
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	55,927	(5,553)	5,553							55,927
Extraordinary Special Education Costs Aid	21-495-034-5120-044	7/1/20-6/30/21	299,556	(299,556)	299,556							299,556
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	126,575		114,166	\$	(126,575)			\$	(12,409)	126,575
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	11,741		10,590		(11,741)				(1,151)	11,741
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	907,656		818,672		(907,656)				(88,984)	907,656
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	55,927		50,444		(55,927)				(5,483)	55,927
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	488,270				(488,270)			\$	(488,270)	488,270
Reimbursement of Nonpublic School Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	2,320				(2,320)				(2,320)	2,320
Reimbursed TPAF Social Security	22-495-034-5095-003	7/1/21-6/30/22	858,583		857,913		(858,583)				(670)	858,583
TPAF Pension Contributions (non-budgeted)	22-495-034-5094-002	7/1/21-6/30/22	4,094,447		4,094,447		(4,094,447)					4,094,447
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	22-495-034-5094-001	7/1/21-6/30/22	970,125		970,125		(970,125)					970,125
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	22-495-034-5094-004	7/1/21-6/30/22	57,767		57,767		(57,767)					57,767
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	22-495-034-5094-004	7/1/21-6/30/22	1,373		1,373		(1,373)					1,373
Total General Fund				(399,119)	7,374,616		(7,574,784)			(491,260)	(599,287)	8,877,029
Special Revenue Fund:			25,661		25,661		(25,661)					25,661
School Development Authority:		4/1/20-6/30/24										
Emergent and Capital Maintenance Needs	N/A											
Total School Development Authority:												
Nonpublic Nursing	21-100-034-5120-070	7/1/20-6/30/21	19,992	\$ 6,095		\$		6,095				13,897
Nonpublic Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	10,446	15	10,446			15				10,430
Nonpublic Technology Initiative	21-100-034-5120-373	7/1/20-6/30/21	34,300	44				44				34,256
Nonpublic Auxiliary Services:												
Compensatory Education	21-100-034-5120-066	7/1/20-6/30/21	35,707	9,580				9,580				26,127
Nonpublic Handicapped Services:												
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	17,100	3,540				3,540				13,559
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	11,333	4,372				4,372				6,961
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	14,582	4,738				4,738				9,843
Nonpublic Nursing	22-100-034-5120-070	7/1/21-6/30/22	23,296		23,296		(22,102)			\$ 1,194		22,102
Nonpublic Textbook Aid	22-100-034-5120-066	7/1/21-6/30/22	10,924		10,924		(10,924)					10,924
Nonpublic Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	7,644		7,644		(7,644)					7,644
Nonpublic Security Aid	22-100-034-5120-509	7/1/21-6/30/22	36,400		36,400		(36,400)					36,400
Nonpublic Handicapped Services:												
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	33,744		33,744		(22,226)			11,518		22,226
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	18,600		18,600		(15,790)			2,810		15,790
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	11,564		11,564		(10,209)			1,355		10,209
Nonpublic Auxiliary Services:												
Compensatory Education	22-100-034-5120-066	7/1/21-6/30/22	35,832		35,832		(30,808)			5,024		30,808
Total Special Revenue Fund				28,384	203,665		(181,764)			21,901		296,837

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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 at June 30, 2021		Cash Received	Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2022		MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
Food Service Fund:											
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	\$ 9,878			\$ 9,429	\$ (9,878)		\$ (449)	\$ (449)	\$ 9,878
COVID 19 - Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	5,831	\$ (516)		516					5,831
Total Food Service Fund				(516)		9,945	(9,878)		(449)	(449)	15,709
Total State Awards				\$ (399,635)	\$ 28,384	\$ 7,588,226	\$ (7,766,426)	\$ 28,384	\$ (491,709)	\$ (599,736)	\$ 9,189,575
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21-6/30/22	\$ (4,094,447)				\$ 4,094,447				
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21-6/30/22	(970,125)				970,125				
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	(57,767)				57,767				
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21-6/30/22	(1,373)				1,373				
Subtotal - On-Behalf TPAF Pension System Contributions							5,123,712				
Total State Awards Subject to Single Audit Determination							\$ (2,642,714)				

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,464) for the general fund, and (\$54,450) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,566,320	\$ 7,566,320
Special Revenue Fund	\$ 704,472	138,731	843,203
Proprietary Fund	<u>430,295</u>	<u>9,878</u>	<u>440,173</u>
Total Financial Assistance	<u>\$ 1,134,767</u>	<u>\$ 7,714,929</u>	<u>\$ 8,849,696</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major 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*.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>Assistance Listing / State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027A	7/01/21-9/30/22	\$ 295,279	\$ 297,082
I.D.E.A. Part B, Preschool	84.173A	7/01/21-9/30/22	28,550	28,550
COVID 19 - ARP - I.D.E.A. Part B, Basic	84.027X	7/01/21-9/30/22	57,611	54,554
COVID 19 - ARP - I.D.E.A. Preschool	84.173X	7/01/21-9/30/22	4,917	4,917
Child Nutrition Cluster:				
COVID 19 - Seamless Summer Option	10.555	7/01/21-6/30/22	420,605	420,605
COVID 19 - Seamless Summer Option	10.555	7/01/20-6/30/21	107,572	107,572
U.S.D.A. Commodities Program	10.555	7/01/21-6/30/22	9,096	5,638
U.S.D.A. Commodities Program	10.555	7/01/20-6/30/21	14,558	4,052
<u>State:</u>				
Reimbursed TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	858,583	858,583

- The threshold for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was not determined to be a "low-risk" auditee for federal programs and was determined to be a "low-risk" auditee for state programs.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Status of Prior Year Findings:

The District had no prior year audit findings.