

**HILLSBOROUGH TOWNSHIP  
PUBLIC SCHOOLS**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive  
Financial Report**

**of the**

**Hillsborough Township School District**

**Hillsborough, New Jersey**

**For the Fiscal Year Ended June 30, 2023**

**Prepared by**

**Hillsborough Township School District  
Board of Education**

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INTRODUCTORY SECTION  
(UNAUDITED)



HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

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

October 18, 2023

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

Dear Board Members and Constituents:

The annual comprehensive financial report of the Hillsborough Township Public Schools (the "District") for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hillsborough Township Public Schools Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

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

## 2) ECONOMIC CONDITION AND OUTLOOK:

The Hillsborough School District is still experiencing significant State aid reductions that will continue through the 2024-25 Fiscal Year. The Hillsborough Township ratable base continues on a flat to slight incline. The District's enrollment continues to be on a downward trend. The Board has two bargaining units, the Hillsborough Education Association (HEA) and the Hillsborough Principals and Supervisors Association (HPSA). The District's largest bargaining unit, The Hillsborough Education Association's (HEA) has a settled contract through the 2024-25 school year and its Administrator unit, The Hillsborough Principals and Supervisors Association (HPSA) contract was ratified in June 2023, and expires at the end of the 2025-26 School Year.

## 3) MAJOR INITIATIVES:

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

Staff members interested in enrolling and completing graduate coursework remained active. Additionally, there was a renewed interest in staff embracing professional development to grow their knowledge and skills. Relationships with area colleges and universities continued to flourish. Princeton University, The College of New Jersey, Rider University, Rutgers University, Kean University, Montclair State University, Raritan Valley Community College and Mercer County Community College are several of the Institutions with which we continue to maintain our collegial and professional relationships.

## 4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted by the Board of Education, after initial approval by the New Jersey State Department of Education and holding a public hearing for the local taxpayers, for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. All budget amendments are approved as necessary by the Board of Education.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2023.

6) ACCOUNTING SYSTEM AND REPORTS:

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


7) OTHER INFORMATION:

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

8) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Hillsborough Township Public Schools Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

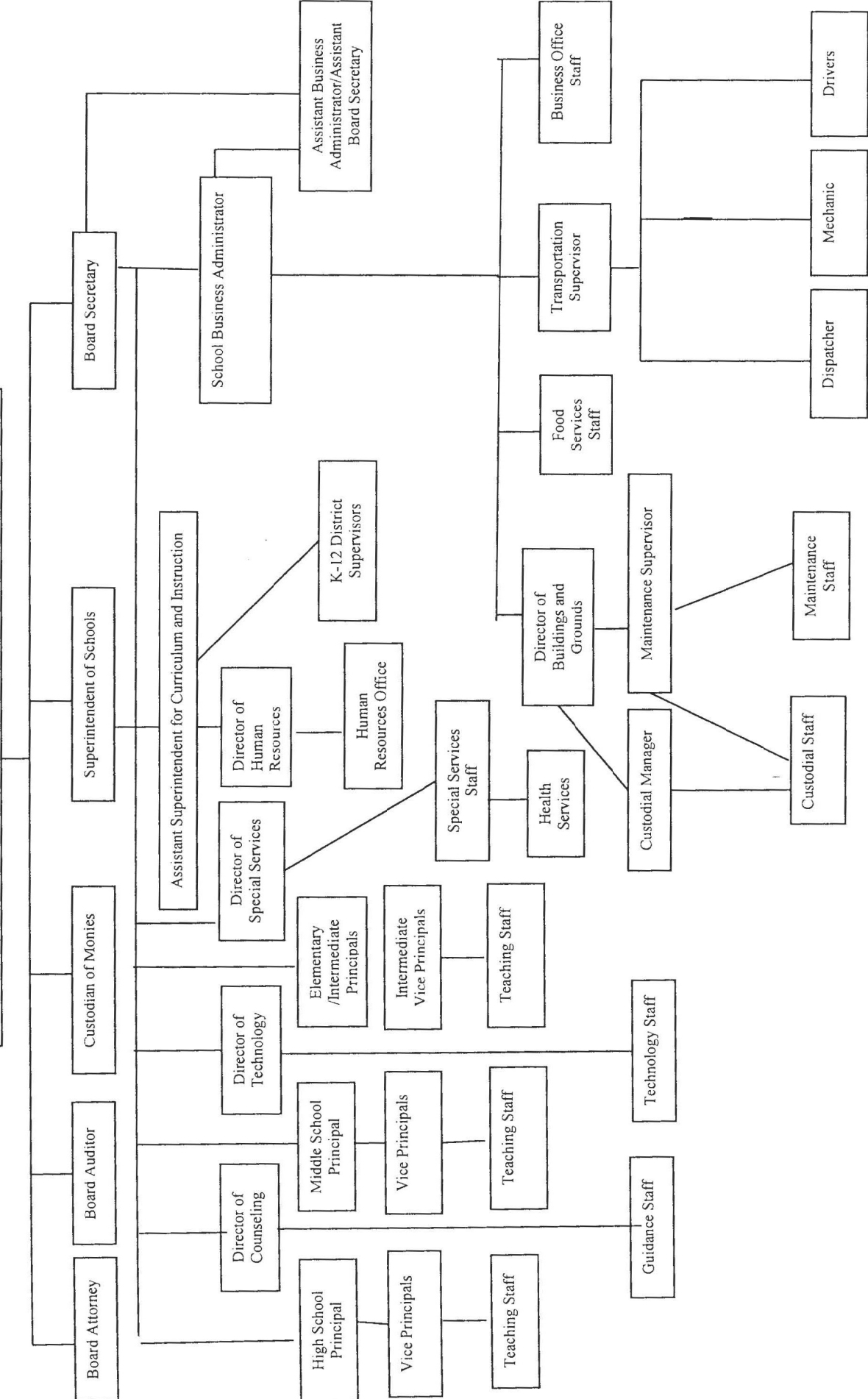


Michael Volpe  
Superintendent of Schools



Gerald M. Eckert  
Business Administrator

# Hillsborough Township Board of Education



# HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS

## **Roster of Officials June 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paul Marini, President	2023
Cynthia DeCavalcante-Nurse, Vice President	2023
Joel Davis	2025
Elaine Jackson	2024
Benjamin Kidd	2023
Allison Laning-Beder	2024
Danny Lee	2025
James Staats	2024
Jean Trujillo	2025

### OTHER OFFICIALS

### TITLE

Dr. Kim Feltre	Acting Superintendent of Schools (7/1/2022 through 8/22/2022 and 1/1/2023 through 1/22/2023)
Dr. Daniel Fishbein	Interim Superintendent of Schools (Effective 8/23/2022 through 12/31/2022)
Mr. Micheal Volpe	Superintendent of Schools (Effective 1/23/2023)
Gerald M. Eckert	School Business Administrator/Board Secretary

**Hillsborough Township Public Schools  
Consultants and Advisors**

**Architect**

LAN Associates  
445 Godwin Avenue, Suite 9  
Midland Park, NJ 07432

**Attorney**

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

**Audit Firm**

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

**Official Depository**

TD Bank  
380 US-206  
Hillsborough, NJ 08844



FINANCIAL SECTION

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***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 Board of Education of the Hillsborough Township Public Schools (the “District”), in the County of Somerset, as of and for the fiscal year ended June 30, 2023, 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, 2023, 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 October 18, 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.

October 18, 2023  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
\_\_\_\_\_  
Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Hillsborough Township Public Schools’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

***Overview of the Financial Statements***

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

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

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

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

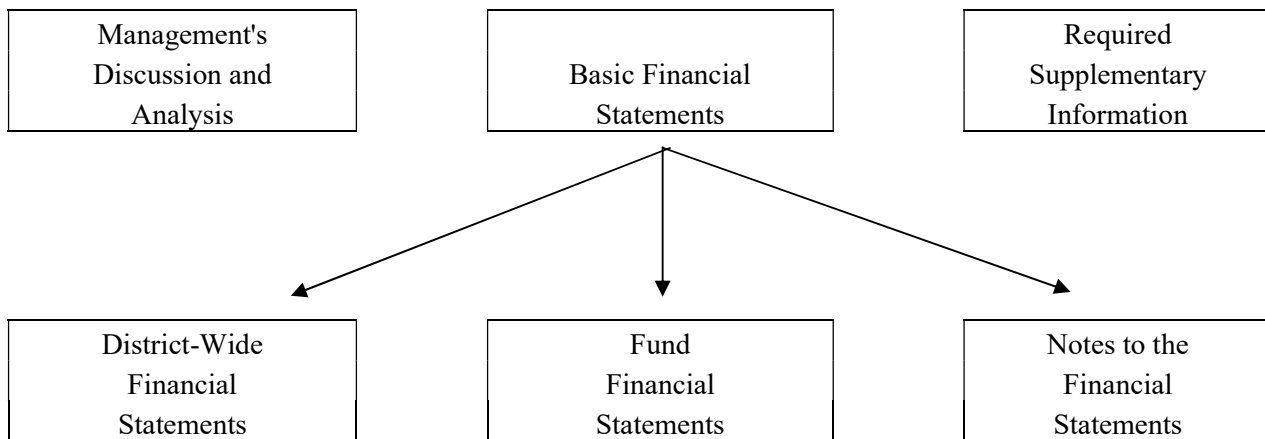


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Figure A-2**

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

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

## ***District-wide Statements***

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

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

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

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

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

## ***Fund Financial Statements***

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

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

The District has two kinds of funds:

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



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

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

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

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Current and							
Other Assets	\$ 23,679,201	\$ 23,842,541	\$ 1,881,615	\$ 1,993,086	\$ 25,560,816	\$ 25,835,627	
Capital Assets, Net	106,024,379	107,375,657	226,078	221,508	106,250,457	107,597,165	
Lease Assets, Net	4,015,737	3,199,866			4,015,737	3,199,866	
Total Assets	<u>133,719,317</u>	<u>134,418,064</u>	<u>2,107,693</u>	<u>2,214,594</u>	<u>135,827,010</u>	<u>136,632,658</u>	-0.59%
Deferred Outflows of Resources	<u>4,072,900</u>	<u>2,734,199</u>			<u>4,072,900</u>	<u>2,734,199</u>	48.96%
Other Liabilities	6,751,362	6,788,185	448,218	384,053	7,199,580	7,172,238	
Long-Term Liabilities							
Outstanding	<u>69,917,566</u>	<u>66,220,685</u>			<u>69,917,566</u>	<u>66,220,685</u>	
Total Liabilities	<u>76,668,928</u>	<u>73,008,870</u>	<u>448,218</u>	<u>384,053</u>	<u>77,117,146</u>	<u>73,392,923</u>	5.07%
Deferred Inflows of Resources	<u>4,714,602</u>	<u>11,958,012</u>			<u>4,714,602</u>	<u>11,958,012</u>	-60.57%
Net Position:							
Net Investment in							
Capital Assets	61,175,168	59,835,556	226,078	221,508	61,401,246	60,057,064	
Restricted	18,800,849	19,006,566			18,800,849	19,006,566	
Unrestricted/(Deficit)	<u>(23,567,330)</u>	<u>(26,656,741)</u>	<u>1,433,397</u>	<u>1,609,033</u>	<u>(22,133,933)</u>	<u>(25,047,708)</u>	
Total Net Position	<u>\$ 56,408,687</u>	<u>\$ 52,185,381</u>	<u>\$ 1,659,475</u>	<u>\$ 1,830,541</u>	<u>\$ 58,068,162</u>	<u>\$ 54,015,922</u>	7.50%

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

*Changes in Net Position.* Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense as well as excess revenues and unexpended budget balances in the General Fund. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

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

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Percentage Change
	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22	2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,806,075	\$ 2,519,254	\$ 4,325,329	\$ 1,306,725	\$ 814,701	\$ 2,121,426	
Operating Grants and Contributions	30,674,910	1,213,127	31,888,037	37,516,665	4,239,636	41,756,301	
General Revenue:							
Property Taxes	105,521,272		105,521,272	104,342,388		104,342,388	
Unrestricted State and Federal Aid	18,907,511		18,907,511	18,215,674		18,215,674	
Other	1,778,858		1,778,858	1,163,605		1,163,605	
<b>Total Revenue</b>	<b>158,688,626</b>	<b>3,732,381</b>	<b>162,421,007</b>	<b>162,545,057</b>	<b>5,054,337</b>	<b>167,599,394</b>	-3.09%
Expenses:							
Instruction	94,274,736		94,274,736	89,231,641		89,231,641	
Pupil and Instruction Services	24,406,512		24,406,512	22,942,631		22,942,631	
Administrative and Business	12,139,429		12,139,429	11,694,835		11,694,835	
Maintenance and Operations	10,448,004		10,448,004	10,159,497		10,159,497	
Pupil Transportation	12,119,718		12,119,718	10,316,670		10,316,670	
Other	1,076,921	3,903,447	4,980,368	1,054,164	3,699,532	4,753,696	
<b>Total Expenses</b>	<b>154,465,320</b>	<b>3,903,447</b>	<b>158,368,767</b>	<b>145,399,438</b>	<b>3,699,532</b>	<b>149,098,970</b>	6.22%
Increase (Decrease) in Net Position	<b>\$ 4,223,306</b>	<b>\$ (171,066)</b>	<b>\$ 4,052,240</b>	<b>\$ 17,145,619</b>	<b>\$ 1,354,805</b>	<b>\$ 18,500,424</b>	-78.10%

**Governmental Activities**

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

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

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

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

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

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

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2022/23	2021/22	2022/23	2021/22
Instruction	\$ 94,274,736	\$ 89,231,641	\$ 64,874,416	\$ 53,443,792
Pupil and Instruction Services	24,406,512	22,942,631	23,260,441	22,159,640
Administrative and Business	12,139,429	11,694,835	11,257,847	10,492,259
Maintenance and Operations	10,448,004	10,159,497	10,448,004	10,159,497
Transportation	12,119,718	10,316,670	11,066,706	9,266,696
Other	1,076,921	1,054,164	1,076,921	1,054,164
	<u>\$ 154,465,320</u>	<u>\$ 145,399,438</u>	<u>\$ 121,984,335</u>	<u>\$ 106,576,048</u>

***Business-Type Activities***

Net position from the District’s business-type activity decreased by \$171,066. (Refer to Figure A-4). Factors contributing to this result were:

- Expenses exceeded revenues in the Food Service Fund by \$156,858 due to the District no longer participating in the Seamless Summer Option meal program.

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

The Hillsborough School District is still experiencing significant State aid reductions that will continue through the 2024-25 Fiscal Year. The Hillsborough Township ratable base continues on a flat to slight incline. The District’s enrollment continues to be on a downward trend. The Board has two bargaining units, the Hillsborough Education Association (HEA) and the Hillsborough Principals and Supervisors Association (HPSA). The District’s largest bargaining unit, The Hillsborough Education Association’s (HEA) has a settled contract through the 2024-25 school year and its Administrator unit, The Hillsborough Principals and Supervisors Association (HPSA) contract was ratified in June 2023, and expires at the end of the 2025-26 School Year.

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Construction in Progress	\$ 34,627,187	\$ 34,985,868			\$ 34,627,187	\$ 34,985,868	
Land Improvements	3,296,920	1,577,575			3,296,920	1,577,575	
Buildings and Building Improvements	65,217,289	67,582,201			65,217,289	67,582,201	
Furniture, Machinery and Equipment	2,882,983	3,230,013	\$ 226,078	\$ 221,508	3,109,061	3,451,521	
Total	<u>\$ 106,024,379</u>	<u>\$ 107,375,657</u>	<u>\$ 226,078</u>	<u>\$ 221,508</u>	<u>\$ 106,250,457</u>	<u>\$ 107,597,165</u>	-1.25%

### ***Long-term Liabilities***

At year-end, the District had \$33,940,000 in general obligation bonds outstanding – a reduction of \$1,476,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the Basic Financial Statements.)

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

	Total School District		Total Percentage Change
	2022/23	2021/22	
General Obligation Bonds (Financed with Property Taxes)	\$ 33,940,000	\$ 35,416,000	
Obligations Under Financed Purchases	11,138,436	12,290,480	
Leases Payable	3,786,513	3,033,488	
Net Pension Liability	21,908,111	16,332,081	
Compensated Absences Payable	3,156,684	3,118,356	
	<u>\$ 73,929,744</u>	<u>\$ 70,190,405</u>	5.33%

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

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

The Hillsborough School District is still experiencing significant State aid reductions from the S-2 funding formula that will continue through the 2024-25 Fiscal Year.

Annual health insurance premium increases continue to outpace the maximum 2% increase to the tax levy while employee contributions are lower due to the implementation of Chapter 44.

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

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,025,598	\$ 1,760,453	\$ 5,786,051
Internal Balances	(36,762)	36,762	
Receivables from Other Governments	10,694,225	42,810	10,737,035
Other Accounts Receivable	50,334		50,334
Inventory		41,590	41,590
Restricted Assets - Cash and Cash Equivalents	8,945,806		8,945,806
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	106,024,379	226,078	106,250,457
Lease Assets, net	4,015,737		4,015,737
Total Assets	<u>133,719,317</u>	<u>2,107,693</u>	<u>135,827,010</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
District Contribution Subsequent to the Measurement Date - Pensions	1,580,565		1,580,565
Deferred Outflows of Resources Related to Pensions	2,492,335		2,492,335
Total Deferred Outflows of Resources	<u>4,072,900</u>		<u>4,072,900</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	451,225		451,225
Accounts Payable	1,950,149		1,950,149
Payable to Federal and State Governments	9,752		9,752
Unearned Revenue	328,058	448,218	776,276
Noncurrent Liabilities:			
Due Within One Year	4,012,178		4,012,178
Due Beyond One Year	69,917,566		69,917,566
Total Liabilities	<u>76,668,928</u>	<u>448,218</u>	<u>77,117,146</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources Related to Pensions	4,714,602		4,714,602
Total Deferred Inflows of Resources	<u>4,714,602</u>		<u>4,714,602</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	61,175,168	226,078	61,401,246
Restricted for:			
Capital Projects	6,465,695		6,465,695
Debt Service			
Excess Surplus	9,066,230		9,066,230
Maintenance Reserve	1,943,648		1,943,648
Unemployment Compensation	442,865		442,865
Student Activities	882,411		882,411
Unrestricted (Deficit)	(23,567,330)	1,433,397	(22,133,933)
Total Net Position	<u>\$ 56,408,687</u>	<u>\$ 1,659,475</u>	<u>\$ 58,068,162</u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 94,274,736	\$ 660,004	\$ 28,740,316	\$ (64,874,416)	\$	\$ (64,874,416)
Support Services:						
Tuition	2,422,325			(2,422,325)		(2,422,325)
Student & Instruction Related Services	21,984,187	1,146,071		(20,838,116)		(20,838,116)
General Administrative Services	1,894,548			(1,894,548)		(1,894,548)
School Administrative Services	6,404,320		881,582	(5,522,738)		(5,522,738)
Central Services	1,827,877			(1,827,877)		(1,827,877)
Administrative Information Technology	2,012,684			(2,012,684)		(2,012,684)
Plant Operations and Maintenance	10,448,004			(10,448,004)		(10,448,004)
Pupil Transportation	12,119,718		1,053,012	(11,066,706)		(11,066,706)
Interest on Long-Term Debt	693,560			(693,560)		(693,560)
Capital Outlay	71,124			(71,124)		(71,124)
Transfer of Funds to Charter Schools	312,237			(312,237)		(312,237)
Total Governmental Activities	154,465,320	1,806,075	30,674,910	(121,984,335)		(121,984,335)



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 3,674,610	\$ 2,304,625	\$ 1,213,127		\$ (156,858)	\$ (156,858)
Summer Enrichment	228,837	214,629			(14,208)	(14,208)
Total Business-Type Activities	3,903,447	2,519,254	1,213,127		(171,066)	(171,066)
Total Primary Government	\$ 158,368,767	\$ 4,325,329	\$ 31,888,037	\$ (121,984,335)	(171,066)	(122,155,401)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				104,329,171		104,329,171
Taxes Levied for Debt Service				1,192,101		1,192,101
Federal and State Aid not Restricted				18,907,511		18,907,511
Miscellaneous Income				1,778,858		1,778,858
Total General Revenue				126,207,641		126,207,641
Change in Net Position				4,223,306	(171,066)	4,052,240
Net Position - Beginning				52,185,381	1,830,541	54,015,922
Net Position - Ending				\$ 56,408,687	\$ 1,659,475	\$ 58,068,162

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

FUND FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLSBALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 3,236,785		\$ 788,813	\$ 4,025,598
Interfund Receivable	184,158			184,158
Receivables:				
State Government	1,412,401			1,412,401
Federal Government		\$ 520,309		520,309
Other Government	8,761,515			8,761,515
Other	48,675	1,659		50,334
Restricted Cash and Cash Equivalents	8,063,395	882,411		8,945,806
<b>Total Assets</b>	<b>\$ 21,706,929</b>	<b>\$ 1,404,379</b>	<b>\$ 788,813</b>	<b>\$ 23,900,121</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 369,584			\$ 369,584
Interfund Payable	36,762	\$ 184,158		220,920
Payable to State Government		9,752		9,752
Unearned Revenue		328,058		328,058
<b>Total Liabilities</b>	<b>406,346</b>	<b>521,968</b>		<b>928,314</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve Account	\$ 5,676,882			\$ 5,676,882
Maintenance Reserve Account	1,943,648			1,943,648
Capital Projects Fund			\$ 788,813	788,813
Excess Surplus	4,533,115			4,533,115
Excess Surplus -				
Subsequent Year's Expenditures	4,533,115			4,533,115
Unemployment Compensation	442,865			442,865
Student Activities		\$ 882,411		882,411
<b>Assigned:</b>				
Year End Encumbrances	2,768,366			2,768,366
Unassigned	1,402,592			1,402,592
<b>Total Fund Balances</b>	<b>21,300,583</b>	<b>882,411</b>	<b>788,813</b>	<b>22,971,807</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,706,929</b>	<b>\$ 1,404,379</b>	<b>\$ 788,813</b>	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023  
(Continued)

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

Total Fund Balance from previous page	\$ 22,971,807
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	106,024,379
Long-term liabilities, such as bonds payable, leases, financed purchases payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(52,021,633)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(21,908,111)
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	2,492,335
Deferred Inflows	(4,714,602)
Interest on long-term liability is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(451,225)
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	4,015,737
Net Position of Governmental Activities (Exhibit A-1)	\$ 56,408,687

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

**HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 104,329,171			\$ 1,192,101	\$ 105,521,272
Tuition Charges	660,004				660,004
Unrestricted Miscellaneous Revenue	1,489,634				1,489,634
Restricted Miscellaneous Revenue	289,224	\$ 1,196,769			1,485,993
<b>Total - Local Sources</b>	<b>106,768,033</b>	<b>1,196,769</b>		<b>1,192,101</b>	<b>109,156,903</b>
State Sources	56,531,631	184,683		736,127	57,452,441
Federal Sources	43,773	3,214,710			3,258,483
<b>Total Revenue</b>	<b>163,343,437</b>	<b>4,596,162</b>		<b>1,928,228</b>	<b>169,867,827</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	35,736,152	1,620,936			37,357,088
Special Education Instruction	12,629,973	1,829,155			14,459,128
Other Special Instruction	5,669,709				5,669,709
Other Instruction	1,580,021				1,580,021
<b>Support Services and Undistributed Costs:</b>					
Tuition	2,422,325				2,422,325
Student & Instruction Related Services	17,766,989	1,104,232			18,871,221
General Administrative Services	1,438,653				1,438,653
School Administrative Services	4,459,069				4,459,069
Central Services	1,576,915				1,576,915
Administrative Information Technology	692,217				692,217
Plant Operations and Maintenance	10,421,113				10,421,113
Pupil Transportation	11,249,627				11,249,627
Unallocated Benefits	55,451,182				55,451,182
<b>Debt Service:</b>					
Principal				1,476,000	1,476,000
Interest and Other Charges				693,560	693,560
Capital Outlay	3,338,871		\$ 1,345,587		4,684,458
Transfer of Funds to Charter Schools	312,237				312,237
<b>Total Expenditures</b>	<b>164,745,053</b>	<b>4,554,323</b>	<b>1,345,587</b>	<b>2,169,560</b>	<b>172,814,523</b>
<b>Excess/(Deficiency) of Revenue over/(under) Expenditures</b>	<b>(1,401,616)</b>	<b>41,839</b>	<b>(1,345,587)</b>	<b>(241,332)</b>	<b>(2,946,696)</b>
<b>OTHER FINANCING SOURCES/(USES)</b>					
Leases (Non-Budgeted)	2,752,651				2,752,651
<b>Total Other Financing Sources/(Uses)</b>	<b>2,752,651</b>				<b>2,752,651</b>
<b>Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses</b>	<b>1,351,035</b>	<b>41,839</b>	<b>(1,345,587)</b>	<b>(241,332)</b>	<b>(194,045)</b>
<b>Fund Balance - July 1</b>	<b>19,949,548</b>	<b>840,572</b>	<b>2,134,400</b>	<b>241,332</b>	<b>23,165,852</b>
<b>Fund Balance - June 30</b>	<b>\$ 21,300,583</b>	<b>\$ 882,411</b>	<b>\$ 788,813</b>	<b>\$ - 0 -</b>	<b>\$ 22,971,807</b>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ (194,045)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (3,760,983)
	Capital Asset Additions	<u>2,409,705</u>
		(1,351,278)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(38,329)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,476,000
Capital outlays related to lease assets are reported in Governmental Funds as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
	Amortization Expense	\$ (1,936,780)
	Lease Asset Additions	<u>2,752,651</u>
		815,871
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.		
		1,152,044
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		(2,752,651)
Repayment of leases is an expenditure in the Governmentals Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		1,999,626
In the statement of activities, interest on long-term liabilities in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		(140,108)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	(5,576,030)
	Changes in Deferred Inflows	7,243,410
	Changes in Deferred Outflows	<u>1,588,796</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 4,223,306</u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 360,935	\$ 1,399,518	\$ 1,760,453
Accounts Receivable:			
State		2,190	2,190
Federal		40,620	40,620
Interfund Receivable		50,970	50,970
Inventories		41,590	41,590
Total Current Assets	<u>360,935</u>	<u>1,534,888</u>	<u>1,895,823</u>
Non-Current Assets			
Machinery and Equipment		910,423	910,423
Less: Accumulated Depreciation		<u>(684,345)</u>	<u>(684,345)</u>
Total Non-Current Assets		<u>226,078</u>	<u>226,078</u>
Total Assets	<u>360,935</u>	<u>1,760,966</u>	<u>2,121,901</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund payable	14,208		14,208
Unearned Revenue - Donated Commodities		19,144	
Unearned Revenue - Prepaid Sales	<u>273,894</u>	<u>155,180</u>	<u>429,074</u>
Total Liabilities	<u>288,102</u>	<u>174,324</u>	<u>443,282</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		226,078	226,078
Unrestricted	<u>72,833</u>	<u>1,360,564</u>	<u>1,433,397</u>
Total Net Position	<u>\$ 72,833</u>	<u>\$ 1,586,642</u>	<u>\$ 1,659,475</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES  
IN FUND BALANCE  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 1,666,590	\$ 1,666,590
Daily Sales - Non-Reimbursable Programs		638,035	638,035
Miscellaneous Revenue - Summer Enrichment	\$ 214,629		214,629
Total operating revenue	214,629	2,304,625	2,519,254
Operating expenses:			
Cost of Sales (Reimbursable) Programs		896,823	896,823
Cost of sales (Non-Reimbursable) Programs		343,339	343,339
Salaries	121,668	1,105,069	1,226,737
Employee Benefits	7,352	296,838	304,190
Other Purchased Services	59,210	87,348	146,558
Supplies and Materials	40,607	692,595	733,202
Management Fee		255,452	255,452
Miscellaneous		35,126	35,126
Depreciation		35,209	35,209
Total Operating Expenses	228,837	3,747,799	3,976,636
Operating (Loss)	(14,208)	(1,443,174)	(1,457,382)
Non-Operating Revenue:			
State Sources:			
State school lunch program		31,757	31,757
State school breakfast program		807	807
State Supplement for Summer Food Service Programs		2,833	2,833
Federal Sources:			
National school lunch program		616,174	616,174
National school breakfast program		60,461	60,461
Food distribution program		234,369	234,369
Supply Chain Assistance		339,915	339,915
Total Non-Operating Revenue		1,286,316	1,286,316
Change in Net Position	(14,208)	(156,858)	(171,066)
Net Position - Beginning of Year	87,041	1,743,500	1,830,541
Net Position - End of Year	\$ 72,833	\$ 1,586,642	\$ 1,659,475



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 271,940	\$ 2,304,625	\$ 2,576,565
Payments to Employees	(129,020)	(1,401,907)	(1,530,927)
Payments to Suppliers	(85,609)	(2,083,043)	(2,168,652)
Net Cash Provided by/(Used for) Operating Activities	<u>57,311</u>	<u>(1,180,325)</u>	<u>(1,123,014)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(39,779)	(39,779)
Net Cash (Used for) Capital and Related Financing Activities		<u>(39,779)</u>	<u>(39,779)</u>
Cash Flows from Non-Capital Financing Activities:			
State Sources			
State School Lunch Program		34,691	34,691
State School Breakfast Program		743	743
State Supplement for Summer Food Service Programs		2,833	2,833
Federal Sources			
National School Lunch Program		797,147	797,147
National School Breakfast Program		138,781	138,781
Supply Chain Assistance		339,915	339,915
Net Cash Provided by Non-Capital Financing Activities		<u>1,314,110</u>	<u>1,314,110</u>
Net Increase in Cash and Cash Equivalents	57,311	94,006	151,317
Cash and Cash Equivalents, July 1	<u>303,624</u>	<u>1,305,512</u>	<u>1,609,136</u>
Cash and Cash Equivalents, June 30	<u>\$ 360,935</u>	<u>\$ 1,399,518</u>	<u>\$ 1,760,453</u>
Reconciliation of of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (14,208)	\$ (1,443,174)	\$ (1,457,382)
Adjustment to Reconcile Operating (Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		35,209	35,209
Federal Food Distribution Program		234,369	234,369
Changes in Assets and Liabilities:			
(Increase) in Interfund Receivable		(12,956)	(12,956)
(Increase) in Inventory		(627)	(627)
Increase in Interfund Payable	14,208		14,208
Increase in Unearned Revenue - Donated Commodities		4,576	4,576
Increase in Unearned Revenue - Prepaid Sales	57,311	2,278	59,589
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 57,311</u>	<u>\$ (1,180,325)</u>	<u>\$ (1,123,014)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$238,944 and utilized \$234,369 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2023.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(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	\$ 163,196,266	\$ 4,542,723
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		53,439
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,280,358	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(2,133,187)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 163,343,437</u>	<u>\$ 4,596,162</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 164,745,053	\$ 4,500,884
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>53,439</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 164,745,053</u>	<u>\$ 4,554,323</u>

E. Cash and Cash Equivalents, and Investments:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

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

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

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

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



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

L. Lease Assets

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

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities:

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

O. 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, 2023.

P. Compensated Absences:

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

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

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

Q. Leases Payable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$21,300,583 General Fund fund balance at June 30, 2023, \$2,768,366 is assigned for encumbrances; \$1,943,648 is restricted in the maintenance reserve account; \$5,676,882 is restricted in the capital reserve account; \$442,865 is restricted for unemployment compensation; \$4,533,115 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$4,533,115 is restricted for current year excess surplus and will be appropriated and included as anticipated revenue for the year ending June 30, 2025; and \$1,402,592 is unassigned, which is \$2,133,187 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Special Revenue Fund fund balance at June 30, 2023 of \$882,411 is restricted for student activities.

Capital Projects Fund: The \$788,813 of Capital Projects Fund fund balance at June 30, 2023 is restricted.

Debt Service Fund: Debt Service Fund fund balance is \$-0- at June 30, 2023.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2023 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$2,133,187 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

U. Deficit Net Position:

The District had a deficit in unrestricted net position of \$23,567,330 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the assigned and unassigned governmental fund balances at June 30, 2023. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2023 related to pensions, and the District had deferred outflows of resources at June 30, 2023 for the deferred amount on the refunding of school bonds.

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District did not have committed resources at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments: (Cont'd)

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Investments: (Cont'd)

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Student Activities	Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation		
Checking and Savings Accounts	\$ 5,786,051	\$ 5,676,882	\$ 1,943,648	\$ 442,865	\$882,411	\$ 14,731,857

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2023 was \$14,731,857. The bank balance was \$17,292,769.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hillsborough Township Public Schools Board of Education for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance - July 1, 2022	\$ 4,121,829
Increased by	
Transfer by Board Resolution - June 2023	1,555,053
Ending Balance - June 30, 2023	\$ 5,676,882

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects at June 30, 2023 is equal to or greater than \$5,676,882.



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

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

Beginning Balance - July 1, 2022	\$ 2,235,122
Increased by:	
Transfer by Board Resolution - June 2023	708,526
	2,943,648
Decreased by:	
Budgeted Withdrawal by Board Resolution	1,000,000
Ending Balance - June 30, 2023	\$ 1,943,648

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District transferred \$422,308 to the capital outlay accounts for purchases of construction services, which did require County Superintendent approval.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 34,985,868	\$ 1,345,587	\$ (1,704,268)	\$ 34,627,187
Total Capital Assets Not Being Depreciated	<u>34,985,868</u>	<u>1,345,587</u>	<u>(1,704,268)</u>	<u>34,627,187</u>
Capital Assets Being Depreciated:				
Land Improvements	5,194,177	195,546	1,704,268	7,093,991
Buildings and Building Improvements	127,171,708	497,253		127,668,961
Machinery and Equipment	6,698,765	371,319		7,070,084
Total Capital Assets Being Depreciated	<u>139,064,650</u>	<u>1,064,118</u>	<u>1,704,268</u>	<u>141,833,036</u>
Governmental Activities Capital Assets	<u>174,050,518</u>	<u>2,409,705</u>		<u>176,460,223</u>
Less Accumulated Depreciation for:				
Land Improvements	(3,616,602)	(180,469)		(3,797,071)
Buildings and Building Improvements	(59,589,507)	(2,862,165)		(62,451,672)
Machinery and Equipment	(3,468,752)	(718,349)		(4,187,101)
	<u>(66,674,861)</u>	<u>(3,760,983)</u>		<u>(70,435,844)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 107,375,657</u>	<u>\$ (1,351,278)</u>	<u>\$ -0-</u>	<u>\$ 106,024,379</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 870,644	\$ 39,779		\$ 910,423
Less Accumulated Depreciation	(649,136)	(35,209)		(684,345)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 221,508</u>	<u>\$ 4,570</u>	<u>\$ -0-</u>	<u>\$ 226,078</u>

The District expended \$1,345,587 towards construction projects in progress in the Capital Projects Fund and \$1,064,118 for improvements and equipment from the General Fund capital outlay accounts during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,024,777
Student and Instruction Related Services	67,529
General Administration Services	333,024
School Administration Services	8,996
Administrative Information Technology	6,784
Operations and Maintenance of Plant	96,093
Student Transportation	223,780
	<u>\$ 3,760,983</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental Activities:			
Lease Assets Being Amortized:			
Machinery and Equipment	\$ 6,556,767	\$ 2,752,651	\$ 9,309,418
Total Lease Assets Being Amortized	<u>6,556,767</u>	<u>2,752,651</u>	<u>9,309,418</u>
Governmental Activities Lease Assets	<u>6,556,767</u>	<u>2,752,651</u>	<u>9,309,418</u>
Less Accumulated Amortization for:			
Machinery and Equipment	<u>(3,356,901)</u>	<u>(1,936,780)</u>	<u>(5,293,681)</u>
	<u>(3,356,901)</u>	<u>(1,936,780)</u>	<u>(5,293,681)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 3,199,866</u>	<u>\$ 815,871</u>	<u>\$ 4,015,737</u>

Amortization expense was charged to the governmental functions as follows:

Instruction	\$ 89,279
Administrative Information Technology	1,171,975
Operations and Maintenance of Plant	528,094
Student Transportation	<u>147,432</u>
	<u>\$ 1,936,780</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2022</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2023</u>
Bonds Payable	\$ 35,416,000		\$ 1,476,000	\$ 33,940,000
Net Pension Liability	16,332,081	\$ 5,576,030		21,908,111
Compensated Absences Payable	3,118,356	243,547	205,219	3,156,684
Obligations Under Financed Purchases	12,290,480		1,152,044	11,138,436
Leases Payable	<u>3,033,488</u>	<u>2,752,651</u>	<u>1,999,626</u>	<u>3,786,513</u>
	<u>\$ 70,190,405</u>	<u>\$ 8,572,228</u>	<u>\$ 4,832,889</u>	<u>\$ 73,929,744</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2023 as follows:

Purpose	<u>Serial Bonds</u> Final Maturity Date	Interest Rate	Amount
Referendum Bonds 2021	7/15/2040	2.00%	\$ 33,940,000
			\$ 33,940,000

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

Year Ending June 30,	Bonds		Total
	Principal	Interest	
2024	\$ 1,515,000	\$ 663,650	\$ 2,178,650
2025	1,555,000	632,950	2,187,950
2026	1,595,000	601,450	2,196,450
2027	1,630,000	569,200	2,199,200
2028	1,675,000	536,150	2,211,150
2029-2033	9,010,000	2,155,200	11,165,200
2034-2038	10,200,000	1,196,000	11,396,000
2039-2041	6,760,000	205,200	6,965,200
	\$ 33,940,000	\$ 6,559,800	\$ 40,499,800

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Financed Purchases Payable:

As of June 30, 2023, the Board has financed purchase agreements for the Energy Savings Initiative Program with a total asset value of \$16,085,000 of which \$5,723,621 has been liquidated. The District also has a finance purchase agreement for the acquisition of various equipment with a total value of \$2,240,000 of which \$1,462,943 has been liquidated. The following is a schedule of the future minimum finance purchase payments under the finance purchase agreements, and the present value of the net minimum financed purchase payments at June 30, 2023.

Fiscal Year	Amount
2024	\$ 1,500,561
2025	1,294,581
2026	1,036,632
2027	1,059,517
2028	1,082,906
2029-2033	5,783,836
2034	1,231,337
Total Minimum Financed Purchases Payments	12,989,370
Less: Amount representing interest	1,850,934
Present Value Net of Minimum Financed Purchases Payments	\$ 11,138,436

The current portion of the finance purchase payable at June 30, 2023 is \$1,500,561 and the long-term portion is \$9,637,875. Financed purchases payable will be liquidated through the general fund.

C. Leases Payable

The District had leases outstanding as of June 30, 2023 as follows:

<u>Leases Payable</u>				
Purpose	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
Custodial Equipment	Annual	07/01/23	1.955%	\$ 39,192
Buses and Technology 2019	Annual	08/01/23	2.753%	54,176
Buildings and Grounds Vehicles and Equipment & Buses	Annual	10/01/25	0.964%	1,327,877
New Phone System	Annual	10/01/25	1.027%	270,568
Technology and Security Upgrades #1	Annual	08/01/26	2.398%	95,234
Technology and Security Upgrades #2	Annual	08/01/25	2.398%	1,999,466
				\$ 3,786,513

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

C. Leases Payable (Cont'd)

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,294,752	\$ 67,735
2025	1,222,682	44,510
2026	1,244,418	22,774
2027	24,661	591
	<u>\$ 3,786,513</u>	<u>\$ 135,610</u>

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term portion of compensated absences of \$3,156,684. 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, 2023, no liability existed for compensated absences in the Food Service Fund.

Compensated absences will be liquidated from the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$21,908,111. See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

District contributions to PERS amounted to \$1,830,660 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$46,096 to the PERS for normal pension benefits on behalf of the District.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$21,908,111 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.1452%, which was an increase of 0.0073% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$1,425,517 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$46,096 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 526,626
	2019	5.21		658,109
	2020	5.16		1,935,195
	2021	5.13		160,581
	2022	5.04	\$ 67,878	
				<u>67,878</u>
Difference Between Expected and Actual Experience	2018	5.63		20,055
	2019	5.21	50,306	
	2020	5.16	107,817	
	2021	5.13		53,981
	2022	5.04		65,406
				<u>158,123</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	21,674	
	2020	5.00	651,259	
	2021	5.00	(4,062,136)	
	2022	5.00	4,295,960	
				<u>906,757</u>
Changes in Proportion	2018	5.63	147,374	
	2019	5.21	98,336	
	2020	5.16		92,102
	2021	5.13		1,202,547
	2022	5.04	1,113,867	
				<u>1,359,577</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	1,580,565	
			<u>\$ 4,072,900</u>	<u>\$ 4,714,602</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (1,879,256)
2024	(957,418)
2025	(466,914)
2026	1,018,630
2027	(2,237)
	\$ (2,287,195)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 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, 2022		
	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	\$ 28,145,505	\$ 21,908,111	\$ 16,599,837

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

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

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NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$21,236,505 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$7,061,891.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$262,399,026. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.5086%, which was a decrease of 0.0437% from its proportion measured as of June 30, 2021.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	262,399,026
Total	\$ 262,399,026

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$7,061,891 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			3,013,097,864	19,441,140,477
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		18,009,041
			699,820,974	122,664,916
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
				1,172,371,073
			\$ 4,885,289,911	\$ 19,563,805,393

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NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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:	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
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NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.



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NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 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, 2022		
	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	\$ 307,668,435	\$ 262,399,026	\$ 224,265,238

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$104,303 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$152,316 for the fiscal year ended June 30, 2023.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 11. RISK MANAGEMENT

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

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

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

The audit report for the fiscal year ended June 30, 2023 was not available as of the date of this report. Selected summarized financial information for the Group as of June 30, 2022 is as follows:

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ 5,901	\$ 283,323	\$ 213,440	\$ 442,865
2021-2022	279	350,196	241,973	367,081
2020-2021	126	404,164	236,661	258,579

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUNDS PAYABLES AND RECEIVABLES

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 184,158	\$ 36,762
Special Revenue Fund		184,158
Summer Enrichment Fund		14,208
Food Service Fund	<u>50,970</u>	
	<u>\$ 235,128</u>	<u>\$ 235,128</u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

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

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 2,768,366	\$ 236,555	\$ 3,004,921

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District’s Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$236,555 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2023 were as follows:

	Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund		
Vendors	\$ 98,460		\$ 98,460
Payroll Deductions and Withholdings	271,124		271,124
Due to:			
State of New Jersey	_____	\$ 1,580,565	1,580,565
	\$ 369,584	\$ 1,580,565	\$ 1,950,149

NOTE 18. 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.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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, 2022, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% based on years of service	3.25 - 16.25% based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

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 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	Total OPEB Liability
Balance at June 30, 2021	\$ 294,565,343
Changes for Year:	
Service Cost	13,129,374
Interest on the Total OPEB Liability	6,621,669
Changes of Assumptions	(67,028,231)
Differences between Expected and Actual Experience	8,924,282
Gross Benefit Payments by the State	(6,558,959)
Contributions from Members	210,415
Net Changes	(44,701,450)
Balance at June 30, 2022	\$ 249,863,893

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, 2022, 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, 2022		
	At 1%	At	At 1%
	Decrease (2.54%)	Discount Rate (3.54%)	Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 293,688,723	\$ 249,863,893	\$ 214,740,483

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, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 206,527,780	\$ 249,863,893	\$ 306,788,509

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$8,651,591 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, 2022 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		\$ 12,973,201
	2018	9.51		12,380,124
	2019	9.29	\$ 1,747,886	
	2020	9.24	41,268,374	
	2021	9.24	228,854	
	2022	9.13		59,686,694
			43,245,114	85,040,019
Differences Between Expected and Actual Experience	2018	9.51		11,703,070
	2019	9.29		20,572,720
	2020	9.24	38,463,744	
	2021	9.24		44,010,545
	2022	9.13		6,146,872
			44,610,616	76,286,335
Changes in Proportion	N/A	N/A	9,202,659	528,770
			\$ 97,058,389	\$ 161,855,124

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (12,418,346)
2024	(12,418,346)
2025	(12,418,346)
2026	(10,732,563)
2027	(6,137,022)
Thereafter	(19,346,001)
	\$ (73,470,624)

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability	0.1327016181%	0.1395906252%	0.1403259841%	0.0014017007%	0.1460092189%	0.1478764786%	0.146901968%	0.1378641987%	0.1451697293%
District's proportionate share of the net pension liability	\$ 24,845,372	\$ 31,335,298	\$ 41,560,532	\$ 32,629,352	\$ 28,748,487	\$ 26,645,458	\$ 23,955,743	\$ 16,332,081	\$ 15,845,677
District's covered employee payroll	\$ 9,285,888	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864	\$ 10,388,817	\$ 11,562,249
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.56%	327.61%	430.82%	327.53%	279.90%	245.58%	235.56%	157.21%	137.05%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 981,615	\$ 1,093,973	\$ 1,200,105	\$ 1,253,676	\$ 1,317,652	\$ 1,463,880	\$ 1,607,025	\$ 1,614,550	\$ 1,830,660
Contributions in relation to the contractually required contribution	(981,615)	(1,093,973)	(1,200,105)	(1,253,676)	(1,317,652)	(1,463,880)	(1,607,025)	(1,614,550)	(1,830,660)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864	\$ 10,388,817	\$ 11,562,249	\$ 11,993,987
Contributions as a percentage of covered employee payroll	10.26%	11.34%	12.05%	12.21%	12.14%	14.39%	15.47%	13.96%	15.26%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's proportion of the net pension liability attributable to the District	0.5415907302%	0.5472246140%	0.5409857739%	0.5523430882%	0.5546117822%	0.5486987176%	0.5581801153%	0.5523168673%	0.5085802841%
State's proportionate share of the net pension liability attributable to the District	\$ 289,462,619	\$ 344,287,657	\$ 425,573,655	\$ 372,409,627	\$ 352,832,103	\$ 336,741,582	\$ 367,554,890	\$ 265,527,376	\$ 262,399,026
District's covered employee payroll	\$ 54,975,333	\$ 54,975,333	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 60,299,735
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	526.53%	626.26%	746.90%	646.91%	592.06%	556.79%	639.08%	449.87%	435.16%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

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

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

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 15,575,807	\$ 21,021,873	\$ 31,975,953	\$ 25,798,653	\$ 20,568,878	\$ 19,861,919	\$ 22,856,128	\$ 6,247,976	\$ 7,061,891
Contributions in relation to the contractually required contribution	(2,747,312)	(4,125,820)	(5,995,540)	(8,167,474)	(10,791,577)	(12,243,028)	(16,055,182)	(20,936,502)	(21,236,505)
Contribution deficiency/(excess)	\$ 12,828,495	\$ 16,896,053	\$ 25,980,413	\$ 17,631,179	\$ 9,777,301	\$ 7,618,891	\$ 6,800,946	\$ (14,688,526)	\$ (14,174,614)
District's covered employee payroll	\$ 56,978,688	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 60,299,735	\$ 60,784,616
Contributions as a percentage of covered employee payroll	4.82%	7.24%	10.41%	13.71%	17.84%	21.29%	27.20%	34.72%	34.94%

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

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

UNAUDITED

	Fiscal Year Ending					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 11,331,790	\$ 9,387,376	\$ 8,229,848	\$ 8,823,486	\$ 15,815,078	\$ 13,129,374
Interest Cost	8,052,210	9,335,608	8,626,337	7,253,299	7,641,335	6,621,669
Changes in Benefit Terms					(313,529)	
Differences between Expected and Actual Experience		(24,662,913)	(30,349,584)	55,994,877	(50,568,705)	8,924,282
Changes in Assumptions	(33,556,812)	(24,975,324)	2,999,229	59,827,459	290,611	(67,028,231)
Member Contributions	216,782	201,336	183,039	172,825	195,351	210,415
Gross Benefit Payments	(5,887,208)	(5,819,627)	(6,174,841)	(5,701,931)	(6,019,232)	(6,558,959)
Net Change in Total OPEB Liability	(19,843,238)	(36,533,544)	(16,485,972)	126,370,015	(32,959,091)	(44,701,450)
Total OPEB Liability - Beginning	274,017,173	254,173,935	217,640,391	201,154,419	327,524,434	294,565,343
Total OPEB Liability - Ending	\$ 254,173,935	\$ 217,640,391	\$ 201,154,419	\$ 327,524,434	\$ 294,565,343	\$ 249,863,893
District's Covered Employee Payroll	\$ 69,556,681	\$ 70,749,797	\$ 68,363,087	\$ 69,192,705	\$ 69,411,658	\$ 71,861,984
Total OPEB Liability as a Percentage of Covered Employee Payroll	365%	308%	294%	473%	424%	348%

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 census data.  
 Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

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.

BUDGETARY COMPARISON SCHEDULES

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 104,329,171		\$ 104,329,171	\$ 104,329,171	
Tuition From Individuals	462,315		462,315	111,738	(350,577)
Tuition From Other LEAs Within the State	132,937		132,937	548,266	415,329
Unrestricted Miscellaneous Revenues	813,549		813,549	1,489,634	676,085
Other Restricted Miscellaneous Revenues				289,224	289,224
Total Revenues from Local Sources	<u>105,737,972</u>		<u>105,737,972</u>	<u>106,768,033</u>	<u>1,030,061</u>
Revenues from State Sources:					
Categorical Transportation Aid	968,117		968,117	968,117	
Extraordinary Aid	867,732		867,732	1,108,731	240,999
Categorical Special Education Aid	4,582,769		4,582,769	4,582,769	
Equalization Aid	15,810,143		15,810,143	15,810,143	
Categorical Security Aid	194,605		194,605	194,605	
Additional Nonpublic Transportation Aid				84,552	84,552
Supplemental Stabilization Aid				602,650	602,650
Securing Our Children's Future Bond Act		\$ 419,412	419,412	419,412	
Ida Infrastructure Repairs		1,000,000	1,000,000	1,000,000	
TPAF Post Retirement Contributions (Non-Budgeted)				5,656,178	5,656,178
TPAF Pension Contributions (Non-Budgeted)				21,236,505	21,236,505
TPAF Non-Contributory Insurance (Non-Budgeted)				294,632	294,632
TPAF Long-Term Disability Insurance (Non-Budgeted)				7,810	7,810
Reimbursed TPAF Social Security Contributions				4,418,356	4,418,356
Total Revenues from State Sources	<u>22,423,366</u>	<u>1,419,412</u>	<u>23,842,778</u>	<u>56,384,460</u>	<u>32,541,682</u>
Revenues from Federal Sources:					
Medicaid Reimbursement	100,679		100,679	37,574	(63,105)
FFCRA/SEMI Reimbursement				6,199	6,199
Total Revenues from Federal Sources	<u>100,679</u>		<u>100,679</u>	<u>43,773</u>	<u>(56,906)</u>
TOTAL REVENUE	<u>128,262,017</u>	<u>1,419,412</u>	<u>129,681,429</u>	<u>163,196,266</u>	<u>33,514,837</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>GENERAL CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,030,885	\$ 2,225	\$ 1,033,110	\$ 1,000,541	\$ 32,569
Grades 1-5 - Salaries of Teachers	14,474,429	(348,892)	14,125,537	13,997,494	128,043
Grades 6-8 - Salaries of Teachers	8,020,716	295,957	8,316,673	8,259,813	56,860
Grades 9-12 - Salaries of Teachers	11,672,126	(39,668)	11,632,458	11,629,141	3,317
Regular Programs - Home Instruction:					
Salaries of Teachers	66,669	(40,862)	25,807	23,240	2,567
Purchased Professional-Educational Services	58,340	25,500	83,840	79,621	4,219
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	15,000	21,221	21,221	16,421	4,800
Other Purchased Services (400-500 series)	742,799	(15,000)	742,320	702,192	40,128
General Supplies	31,095	(479)	31,095	26,751	4,344
Textbooks		938	938	938	
Other Objects		(99,060)	(99,060)	(99,060)	
<b>Total Regular Programs - Instruction</b>	<b>36,112,059</b>	<b>(99,060)</b>	<b>36,012,999</b>	<b>35,736,152</b>	<b>276,847</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,832,890	(141,465)	1,691,425	1,665,663	25,762
Other Salaries for Instruction	638,990	(292,955)	346,035	345,977	58
General Supplies	51,600	(14,647)	36,953	23,724	13,229
<b>Total Learning and/or Language Disabilities</b>	<b>2,523,480</b>	<b>(449,067)</b>	<b>2,074,413</b>	<b>2,035,364</b>	<b>39,049</b>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Auditory Impairments:					
Salaries of Teachers	\$ 157,266	\$ (157,266)			
Total Auditory Impairments	157,266	(157,266)			
Behavioral Disabilities:					
Salaries of Teachers	255,821	(90,046)	\$ 165,775	\$ 155,820	\$ 9,955
Total Behavioral Disabilities	255,821	(90,046)	165,775	155,820	9,955
Resource Room/Resource Center:					
Salaries of Teachers	8,721,831	44,421	8,766,252	8,567,070	199,182
General Supplies	47,608		47,608	21,583	26,025
Total Resource Room/Resource Center	8,769,439	44,421	8,813,860	8,588,653	225,207
Autism:					
Salaries of Teachers	678,468	414	678,882	490,093	188,789
Other Salaries for Instruction	782,704	(152,759)	629,945	626,945	3,000
General Supplies	32,000	444	32,444	10,881	21,563
Total Autism	1,493,172	(151,901)	1,341,271	1,127,919	213,352
Preschool Disabilities - Part-Time:					
Salaries of Teachers	416,058	65,670	481,728	380,223	101,505
Other Salaries for Instruction	396,126	(24,728)	371,398	340,393	31,005
General Supplies	2,000	278	2,278	1,601	677
Total Preschool Disabilities - Part-Time	814,184	41,220	855,404	722,217	133,187
TOTAL SPECIAL EDUCATION - INSTRUCTION	14,013,362	(762,639)	13,250,723	12,629,973	620,750

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 977,734	\$ 19,226	\$ 996,960	\$ 995,259	\$ 1,701
General Supplies	21,884		21,884	12,978	8,906
Textbooks	7,050		7,050	6,000	1,050
<b>Total Bilingual Education - Instruction</b>	<b>1,006,668</b>	<b>19,226</b>	<b>1,025,894</b>	<b>1,014,237</b>	<b>11,657</b>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	343,820	1,059	344,879	338,469	6,410
Purchased Services (300-500 series)		24,703	24,703	24,703	
Supplies and Materials	6,793	1,139	7,932	7,931	1
Other Objects		1,125	1,125	1,125	
<b>Total School-Spon. Cocurricular &amp; Extracurricular Actvts. - Inst.</b>	<b>350,613</b>	<b>28,026</b>	<b>378,639</b>	<b>372,228</b>	<b>6,411</b>
School-Sponsored Athletics - Instruction:					
Salaries	859,951	(70,247)	789,704	787,857	1,847
Purchased Services (300-500 series)	130,402	92,963	223,365	223,365	
Supplies and Materials	193,648	5,988	199,636	196,571	3,065
<b>Total School-Sponsored Athletics - Instruction</b>	<b>1,184,001</b>	<b>28,704</b>	<b>1,212,705</b>	<b>1,207,793</b>	<b>4,912</b>
Summer School - Instruction:					
Salaries of Teachers	218,647	42,417	261,064	261,064	
Other Salaries of Instruction	309,275	27,818	337,093	337,092	1
Salaries of Teacher Tutors	5,100	(5,100)			
General Supplies	1,080	561	1,641	1,641	
<b>Total Summer School - Instruction</b>	<b>534,102</b>	<b>65,696</b>	<b>599,798</b>	<b>599,797</b>	<b>1</b>
<b>Total Summer School</b>	<b>534,102</b>	<b>65,696</b>	<b>599,798</b>	<b>599,797</b>	<b>1</b>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	\$ 3,668,843	\$ (104,005)	\$ 3,564,838	\$ 3,525,625	\$ 39,213
Salaries of Reading Specialists	520,105	9,945	530,050	530,050	
Total Other Supplemental/at-risk Programs	4,188,948	(94,060)	4,094,888	4,055,675	39,213
<b>TOTAL INSTRUCTION</b>	<b>57,389,753</b>	<b>(814,107)</b>	<b>56,575,646</b>	<b>55,615,855</b>	<b>959,791</b>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	40,946	(14,874)	26,072	25,842	230
Tuition to Other LEAs Within the State-Special	189,598	(84,314)	105,284	93,251	12,033
Tuition to County Voc. School Dist.-Regular	148,995	77,322	226,317	226,317	
Tuition to County Voc. School Dist.-Special	52,448		52,448	48,450	3,998
Tuition to CSSD & Reg. Day Schools	169,742	72,526	242,268	181,248	61,020
Tuition to Priv. Sch. for the Handicap. W/I State	2,162,658	(200,660)	1,961,998	1,847,217	114,781
Total Undistributed Expenditures - Instruction	2,764,387	(150,000)	2,614,387	2,422,325	192,062
Undistributed Expend. - Attend. & Social Work:					
Salaries	20,500		20,500	13,017	7,483
Total Undist. Expend. - Attendance and Social Work	20,500		20,500	13,017	7,483
Undistributed Expenditures - Health Services:					
Salaries	1,000,957	(177,717)	823,240	811,876	11,364
Purchased Professional and Technical Services	48,358	45,536	93,894	75,228	18,666
Other Purchased Services (400-500 series)	21,000		21,000	4,977	16,023
Supplies and Materials	33,493	3,331	36,824	33,105	3,719
Total Undist. Expenditures - Health Services	1,103,808	(128,850)	974,958	925,186	49,772



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 1,900,922	\$ 58,301	\$ 1,959,223	\$ 1,941,269	\$ 17,954
Purchased Professional - Educational Services	1,362,765	(67,623)	1,295,142	1,216,938	78,204
Supplies and Materials	21,288	(2,509)	18,779	8,486	10,293
Total Undist. Expend. - Speech, OT, PT, Related Svcs	<u>3,284,975</u>	<u>(11,831)</u>	<u>3,273,144</u>	<u>3,166,693</u>	<u>106,451</u>
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	3,724,647	402,424	4,127,071	4,125,719	1,352
Purchased Professional - Educational Services	34,081	(23,424)	10,657	167	10,490
Supplies and Materials	30,000	(221)	29,779	27,360	2,419
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	<u>3,788,728</u>	<u>378,779</u>	<u>4,167,507</u>	<u>4,153,246</u>	<u>14,261</u>
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	2,422,181	(96,480)	2,325,701	2,311,440	14,261
Other Salaries		33,480	33,480	33,457	23
Supplies and Materials	25,367	61	25,428	21,376	4,052
Total Undist Expend. - Guidance	<u>2,447,548</u>	<u>(62,939)</u>	<u>2,384,609</u>	<u>2,366,273</u>	<u>18,336</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	2,256,741	(17,143)	2,239,598	2,174,858	64,740
Salaries of Secretarial and Clerical Assistants	191,344	15,362	206,706	206,684	22
Other Purchased Prof. and Tech. Services	75,000	(6,419)	68,581	26,090	42,491
Supplies and Materials	65,785	(278)	65,507	51,691	13,816
Total Undist Expend. - Child Study Team	<u>2,588,870</u>	<u>(8,478)</u>	<u>2,580,392</u>	<u>2,459,323</u>	<u>121,069</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 875,140	\$ 72,279	\$ 947,419	\$ 924,345	\$ 23,074
Salaries of Other Professional Staff	117,523	(10,311)	107,212	99,832	7,380
Salaries of Secretarial and Clerical Assistants	204,127	(39,443)	164,684	164,289	395
Purchased Professional - Educational Services	113,704		113,704	81,950	31,754
Other Purchased Services (400-500 series)		900	900	900	
Supplies and Materials	2,491,933	(23,334)	2,468,599	2,358,753	109,846
Other Objects		29,803	29,803	28,113	1,690
Total Undist. Expend.-Improv. of Inst. Serv.	<u>3,802,427</u>	<u>29,894</u>	<u>3,832,321</u>	<u>3,658,182</u>	<u>174,139</u>
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	814,872	14,000	828,872	818,136	10,736
Supplies and Materials	72,800	(376)	72,424	72,079	345
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>887,672</u>	<u>13,624</u>	<u>901,296</u>	<u>890,215</u>	<u>11,081</u>
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	103,605	7,775	111,380	111,373	7
Unused Vacation Payment to Terminated/Retired Staff	22,968	(22,330)	638	638	638
Other Purchased Services (400-500 series)	44,274	(4,525)	39,749	23,481	16,268
Total Undist.Expend.-Instructional Staff Training Services	<u>170,847</u>	<u>(19,080)</u>	<u>151,767</u>	<u>134,854</u>	<u>16,913</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 605,963	\$ (100,172)	\$ 505,791	\$ 505,790	\$ 1
Legal Services	182,702	70,000	252,702	123,951	128,751
Audit Fees	35,700	24,300	60,000	60,000	
Architectural/Engineering Services		161,420	161,420	74,779	86,641
Other Purchased Professional Services	39,077	(21,000)	18,077	17,216	861
Purchased Technical Services	40,138	(4,000)	36,138	35,355	783
Communications / Telephone	267,150	26,971	294,121	164,758	129,363
BOE Other Purchased Services		900	900	824	76
Other Purch. Serv. (400-500 series other than 530 & 585)	177,085	56,698	233,783	233,351	432
General Supplies	200,632	864	201,496	161,410	40,086
BOE In-house training/ Meeting Supplies		3,600	3,600	1,830	1,770
Miscellaneous Expenditures	87,009	(54,283)	32,726	32,726	
BOE Membership Dues and Fees	27,000	62	27,062	26,663	399
<b>Total Undist. Expend.-Support Serv.-Gen. Admin.</b>	<b>1,662,456</b>	<b>165,360</b>	<b>1,827,816</b>	<b>1,438,653</b>	<b>389,163</b>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	2,366,872	7,126	2,373,998	2,334,556	39,442
Salaries of Other Professional Staff	582,900	(15,247)	567,653	567,653	
Salaries of Secretarial and Clerical Assistants	1,448,638	95,453	1,544,091	1,312,860	231,231
Unused Vacation Payment to Terminated/Retired Staff	30,000	93,490	123,490	60,448	63,042
Purchased Professional and Technical Services	15,000	35,000	50,000	340	49,660
Other Purchased Services (400-500 series)		30,000	30,000	30,000	
Supplies and Materials	185,346	(14,337)	171,009	153,212	17,797
Other Objects		21,392	21,392		21,392
<b>Total Undist. Expend.-Support Serv.-School Adm.</b>	<b>4,628,756</b>	<b>252,877</b>	<b>4,881,633</b>	<b>4,459,069</b>	<b>422,564</b>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 1,186,650	\$ (25,065)	\$ 1,161,585	\$ 1,133,965	\$ 27,620
Unused Vacation Payment to Terminated/Retired Staff	30,000	(24,945)	5,055		5,055
Purchased Professional Services	47,201	13,045	60,246	31,648	28,598
Purchased Technical Services	51,000	168,096	219,096	138,711	80,385
Miscellaneous Purchased Services (400-500 series other than 594)	341,683	89,077	430,760	235,930	194,830
Supplies and Materials	33,916	15,083	48,999	25,281	23,718
Interest on Lease Purchase Agreements		3,493	3,493	3,493	
Other Objects		26,538	26,538	7,887	18,651
Total Undist. Expend. - Central Services	<u>1,690,450</u>	<u>265,322</u>	<u>1,955,772</u>	<u>1,576,915</u>	<u>378,857</u>
Undist. Expend. - Admin. Info. Technology:					
Salaries	714,259	(50,800)	663,459	651,113	12,346
Unused Vacation Payment to Terminated/Retired Staff	15,000		15,000	3,977	11,023
Purchased Technical Services	182,940	(145,000)	37,940	37,127	813
Total Undist. Expend. - Admin. Info. Technology	<u>912,199</u>	<u>(195,800)</u>	<u>716,399</u>	<u>692,217</u>	<u>24,182</u>
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	51,109	556	51,665	48,777	2,888
Cleaning, Repair, and Maintenance Services	734,115	2,017,171	2,751,286	1,013,935	1,737,351
General Supplies	243,901	(153,232)	90,669	45,687	44,982
Other Objects		20	20	20	
Total Undist. Expend.- Required Maint. for School Facilities	<u>1,029,125</u>	<u>1,864,515</u>	<u>2,893,640</u>	<u>1,108,419</u>	<u>1,785,221</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 4,203,944	\$ (416,010)	\$ 3,787,934	\$ 3,738,342	\$ 49,592
Salaries of Non-Instructional Aides	482,028		482,028	472,698	9,330
Unused Vacation Payment to Terminated/Retired Staff	10,000	8,274	18,274	18,274	
Purchased Professional and Technical Services	167,261	(23,009)	144,252	128,477	15,775
Cleaning, Repair, and Maintenance Services	1,169,737	(451,894)	717,843	527,107	190,736
Rental of Land & Bldg. Oth. than Lease Pur. Agrmt.	53,060	(53,060)			
Lease Purchase Pymts - Energy Savings Impr Prog	949,928	20,973	970,901	970,900	1
Other Purchased Property Services	731,305	(234,644)	496,661	480,731	15,930
Insurance	668,952	20,750	689,702	601,576	88,126
General Supplies	267,868	331,870	599,738	560,193	39,545
Energy (Natural Gas)	370,843	126,945	497,788	331,709	166,079
Energy (Electricity)	1,073,434	143,380	1,216,814	1,094,811	122,003
Total Undist. Expend.-Custodial Services	10,148,360	(526,425)	9,621,935	8,924,818	697,117
Care and Upkeep of Grounds:					
Salaries	252,127	(62,679)	189,448	188,601	847
Cleaning, Repair, and Maintenance Services	58,536	92,254	150,790	124,363	26,427
General Supplies	21,537	15,685	37,222	32,718	4,504
Total Care And Upkeep Of Grounds	332,200	45,260	377,460	345,682	31,778
Security:					
Purchased Professional and Technical Services		4,365	4,365	4,365	
General Supplies	16,575	21,350	37,925	37,829	96
Total Security	16,575	25,715	42,290	42,194	96
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	11,526,260	1,409,065	12,935,325	10,421,113	2,514,212

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 431,953	\$ (27,331)	\$ 404,622	\$ 398,534	\$ 6,088
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	321,743	62,829	384,572	372,926	11,646
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	1,568,254	55,299	1,623,553	1,556,490	67,063
Unused Vacation Payment to Terminated/Retired Staff		19,574	19,574	19,574	
Other Purchased Professional and Technical Services	19,486	33,161	52,647	51,574	1,073
Cleaning, Repair, and Maint. Services	12,375	2,135	14,510	14,509	1
Rental Payments - School Buses		418,000	418,000	406,650	11,350
Lease Purchase Payments - School Buses	295,584	(15,706)	279,878	279,878	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studis	259,000	65,974	324,974	300,446	24,528
Contract. Serv.(Bet. Home & Sch.)-Vendors	6,085,561	(272,523)	5,813,038	5,809,094	3,944
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	270,330	(133,139)	137,191	119,172	18,019
Contract. Serv.(Bet. Home & Sch.)-Joint Agrmnts.		2,579	2,579	2,579	
Contract. Serv.(Spl. Ed. Students)-Vendors	135,371	(12,754)	122,617	121,389	1,228
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSAAs	1,306,960	439,681	1,746,641	1,540,574	206,067
Misc. Purchased Serv. - Transportation	94,067		94,067	12,929	81,138
General Supplies	2,000	(1,500)	500	375	125
Transportation Supplies	104,716	197,931	302,647	242,734	59,913
Other Objects	9,785	(9,000)	785	200	585
Total Undist. Expend.-Student Trans. Serv.	<u>10,917,185</u>	<u>825,210</u>	<u>11,742,395</u>	<u>11,249,627</u>	<u>492,768</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	\$ 1,431,131	\$ 170,895	\$ 1,602,026	\$ 1,526,207	\$ 75,819
T.P.A.F. Contributions - ERIP	129,472	(11,513)	117,959	87,445	30,514
Other Retirement Contributions - PERS	1,519,336	311,324	1,830,660	1,830,660	
Other Retirement Contributions - Regular	110,864		110,864	104,303	6,561
Unemployment Compensation	95,703	(95,703)		213,440	(213,440)
Workers Compensation	616,797		616,797	609,983	6,814
Health Benefits	18,536,030	446,902	18,982,932	18,722,983	259,949
Tuition Reimbursement	307,000	1,316	308,316	281,330	26,986
Other Employee Benefits	1,646,701	(1,635,286)	11,415	11,323	92
Unused Sick Payment to Terminated/Retired Staff	230,079	250,397	480,476	450,027	30,449
<b>TOTAL UNALLOCATED BENEFITS</b>	<u>24,623,113</u>	<u>(561,668)</u>	<u>24,061,445</u>	<u>23,837,701</u>	<u>223,744</u>
<b>ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>					
TPAF Post Retirement Contributions (Non-Budgeted)				5,656,178	(5,656,178)
TPAF Pension Contributions (Non-Budgeted)				21,236,505	(21,236,505)
TPAF Non-Contributory Insurance (Non-Budgeted)				294,632	(294,632)
TPAF Long-Term Disability Insurance (Non-Budgeted)				7,810	(7,810)
Reimbursed TPAF Social Security Contributions				4,418,356	(4,418,356)
<b>TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)</b>				<u>31,613,481</u>	<u>(31,613,481)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>24,623,113</u>	<u>(561,668)</u>	<u>24,061,445</u>	<u>55,451,182</u>	<u>(31,389,737)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>76,820,181</u>	<u>2,201,485</u>	<u>79,021,666</u>	<u>105,478,090</u>	<u>(26,456,424)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>134,209,934</u>	<u>1,387,378</u>	<u>135,597,312</u>	<u>161,093,945</u>	<u>(25,496,633)</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 9-12	\$ 21,700	\$ 2,898	\$ 24,598	\$ 21,764	\$ 2,834
Undistributed:					
Undistributed Expenditures - School Admin.	41,130	(16,616)	24,514	330	24,184
Undist. Expend. - Custodial Services		13,314	13,314	13,312	2
Undist. Expend. - Care and Upkeep of Grounds		3,300	3,300	3,245	55
Total Equipment	62,830	2,896	65,726	38,651	27,075
Facilities Acquisition and Construction Serv.:					
Construction Services	298,970	419,412	718,382	476,445	241,937
Assessment for Debt Service on SDA Funding	71,124		71,124	71,124	
Total Facilities Acquisition and Const. Serv.	370,094	419,412	789,506	547,569	241,937
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				2,752,651	(2,752,651)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				2,752,651	(2,752,651)
TOTAL CAPITAL OUTLAY	432,924	422,308	855,232	3,338,871	(2,483,639)
Transfer of Funds to Charter Schools	202,511	109,726	312,237	312,237	
	202,511	109,726	312,237	312,237	
TOTAL EXPENDITURES	134,845,369	1,919,412	136,764,781	164,745,053	(27,980,272)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(6,583,352)	(500,000)	(7,083,352)	(1,548,787)	(5,534,565)



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Leases (Non-budgeted)				\$ 2,752,651	\$ 2,752,651
				2,752,651	2,752,651
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (6,583,352)	\$ (500,000)	\$ (7,083,352)	1,203,864	8,287,216
Fund Balance, July 1	22,229,906		22,229,906	22,229,906	
Fund Balance, June 30	15,646,554	(500,000)	15,146,554	23,433,770	8,287,216
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 4,533,115	
Excess Surplus - Restricted For 2023-2024				4,533,115	
Capital Reserve				5,676,882	
Maintenance Reserve				1,943,648	
Unemployment Compensation				442,865	
Assigned Fund Balance:					
Year End Encumbrances				2,768,366	
Unassigned Fund Balance				3,535,779	
				23,433,770	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(2,133,187)	
Fund Balance per Governmental Funds (GAAP)				\$ 21,300,583	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 1,280,267	\$ 1,280,267	\$ 1,211,331	\$ (68,936)
State Sources	\$ 28,787	207,118	235,905	223,682	(12,223)
Federal Sources	1,984,585	3,252,113	5,236,698	3,107,710	(2,128,988)
<b>Total Revenues</b>	<b>2,013,372</b>	<b>4,739,498</b>	<b>6,752,870</b>	<b>4,542,723</b>	<b>(2,210,147)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	207,771	592,785	800,556	283,361	517,195
Other Purchased Services		241,750	241,750	357,788	(116,038)
Tuition	1,692,202	319,625	2,011,827	1,602,580	409,247
General Supplies	7,549	488,061	495,610	137,271	358,339
Other Objects		12,408	12,408	12,408	
<b>Total Instruction</b>	<b>1,907,522</b>	<b>1,654,629</b>	<b>3,562,151</b>	<b>2,393,408</b>	<b>1,168,743</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	74,134	219,294	293,428	137,976	155,452
Personal Services - Employee Benefits		156,728	156,728	105,265	51,463
Purchased Professional and Technical Services	4,250	719,319	723,569	294,841	428,728
Purchased Professional and Educational Services	8,288	(8,288)			
Other Purchased Professional Services		19,880	19,880	19,259	621
Other Purchased Services	850	403,970	404,820	300,192	104,628
Supplies and Materials	18,328	277,895	296,223	145,711	150,512
Student Activities		1,104,232	1,104,232	1,104,232	
<b>Total Support Services</b>	<b>105,850</b>	<b>2,893,030</b>	<b>2,998,880</b>	<b>2,107,476</b>	<b>891,404</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		150,000	150,000		150,000
<b>Total Facilities Acquisition and Construction Services</b>		<b>150,000</b>	<b>150,000</b>		<b>150,000</b>
<b>Total Expenditures</b>	<b>\$ 2,013,372</b>	<b>\$ 4,697,659</b>	<b>\$ 6,711,031</b>	<b>\$ 4,500,884</b>	<b>\$ 2,210,147</b>
<b>Excess of Revenue Under Expenditures</b>	<b>\$ -0-</b>	<b>\$ 41,839</b>	<b>\$ 41,839</b>	<b>\$ 41,839</b>	<b>\$ -0-</b>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 163,196,266	\$ 4,542,723
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		53,439
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,280,358	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,133,187)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 163,343,437	 \$ 4,596,162
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 164,745,053	\$ 4,500,884
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.		53,439
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 164,745,053	 \$ 4,554,323

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, 2023 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP						
	ESSER II	Learning Acceleration	Mental Health	ESSER III	Accelerated Learning Coach and Educator Support	Evidence Based Summer Learning and Enrichment	Evidence Based Comprehensive Beyond the School Day	NITSS Mental Health Support Staffing	Homeless Children/ Youth II
REVENUES:									
Local Sources									
State Sources									
Federal Sources									
Total Revenues	\$ 34,026	\$ 16,941	\$ 28,987	\$ 385,070	\$ 132,100	\$ 40,729	\$ 2,516	\$ 13,710	\$ 7,301
	34,026	16,941	28,987	385,070	132,100	40,729	2,516	13,710	7,301
EXPENDITURES:									
Instruction:									
Salaries of Teachers				6,122		37,835			
Other Purchased Services				241,077					
Tuition									
General Supplies				5,931	69,100				
Other Objects									
Total Instruction				253,130	69,100	37,835			
Support Services:									
Salaries of Other Professional Staff		7,961	16,709	38,576			2,337		
Personal Services - Employee Benefits		609	1,278	4,114		2,894	179		
Purchased Professional and Technical Services	34,026	8,371		89,250	63,000				
Other Purchased Professional Services			11,000					13,710	7,301
Other Purchased Services									
Supplies and Materials									
Student Activities									
Total Support Services	34,026	16,941	28,987	131,940	63,000	2,894	2,516	13,710	7,301
Total Expenditures	\$ 34,026	\$ 16,941	\$ 28,987	\$ 385,070	\$ 132,100	\$ 40,729	\$ 2,516	\$ 13,710	\$ 7,301

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Chapter 192 Auxiliary Services		Chapter 193 Handicapped Services	
					Compensatory Education	Examination and Classification	Supplementary Instruction	Corrective Speech
REVENUES:								
Local Sources								
State Sources	\$ 5,544	\$ 2,667	\$ 8,116	\$ 16,355	\$ 1,087	\$ 2,086	\$ 1,652	3,255
Federal Sources								
Total Revenues	5,544	2,667	8,116	16,355	1,087	2,086	1,652	3,255
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Other Purchased Services								
Tuition								
General Supplies	5,544	2,667						
Other Objects								
Total Instruction	5,544	2,667						
Support Services:								
Salaries of Other Professional Staff								
Personal Services - Employee Benefits								
Purchased Professional and Technical Services			8,116		1,087	2,086	1,652	3,255
Other Purchased Professional Services								
Other Purchased Services				16,355				
Supplies and Materials								
Student Activities								
Total Support Services			8,116	16,355	1,087	2,086	1,652	3,255
Total Expenditures	\$ 5,544	\$ 2,667	\$ 8,116	\$ 16,355	\$ 1,087	\$ 2,086	\$ 1,652	\$ 3,255



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Climate Awareness Education Grant	ACSERS	SDA Emergent and Capital Maintenance	I.D.E.A.				Local Donations
				I.D.E.A. Part B, Basic	I.D.E.A. Preschool	ARP I.D.E.A. Part B, Basic	ARP I.D.E.A. Preschool	
REVENUES:								
Local Sources								\$ 65,260
State Sources	\$ 5,358	233,084	\$ 177,562	\$ 1,435,024	\$ 61,979	\$ 316,034	\$ 25,593	
Federal Sources		233,084	177,562	1,435,024	61,979	316,034	25,593	65,260
Total Revenues	\$ 5,358	233,084	177,562	1,435,024	61,979	316,034	25,593	65,260
EXPENDITURES:								
Instruction:								
Salaries of Teachers		55,352			41,045			250
Other Purchased Services		116,461				303,436		43,208
Tuition				1,299,144	1		1,606	
General Supplies				4,255				
Other Objects								
Total Instruction		171,813		1,303,399	41,046	303,436	1,606	43,458
Support Services:								
Salaries of Other Professional Staff		42,012			20,933			
Personal Services - Employee Benefits								
Purchased Professional and Technical Services	3,575	19,259		78,423				
Other Purchased Professional Services			177,562	8,940		6,442		19,880
Supplies and Materials	238			44,262		6,156	23,987	1,922
Student Activities	1,545							
Total Support Services	\$ 5,358	61,271	177,562	131,625	20,933	12,598	23,987	21,802
Total Expenditures	\$ 5,358	233,084	177,562	1,435,024	61,979	316,034	25,593	65,260

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act			Student Activities	Totals
	Title I	Title IIA	Title III		
<b>REVENUES:</b>					
Local Sources				\$ 1,146,071	\$ 1,211,331
State Sources					223,682
Federal Sources	\$ 215,941	\$ 135,758	\$ 22,917		3,107,710
Total Revenues	215,941	135,758	22,917	1,146,071	4,542,723
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	143,007				283,361
Other Purchased Services					357,788
Tuition					1,602,580
General Supplies			4,959		137,271
Other Objects			12,408		12,408
Total Instruction	143,007		17,367		2,393,408
Support Services:					
Salaries of Other Professional Staff		30,381			137,976
Personal Services - Employee Benefits	72,934	2,324			105,265
Purchased Professional and Technical Services		2,000			294,841
Other Purchased Professional Services					19,259
Other Purchased Services		63,279	5,550		300,192
Supplies and Materials		37,774			145,711
Student Activities				1,104,232	1,104,232
Total Support Services	72,934	135,758	5,550	1,104,232	2,107,476
Total Expenditures	\$ 215,941	\$ 135,758	\$ 22,917	\$ 1,104,232	\$ 4,500,884

CAPITAL PROJECTS FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Expenditures and Other Financing Uses:	
Construction Services	\$ 1,345,587
	<u>1,345,587</u>
Total expenditures and other financing uses	<u>1,345,587</u>
Excess/(deficit) of other financing sources	
over/(under) expenditures and other financing uses	(1,345,587)
Beginning Fund Balance	<u>2,134,400</u>
Ending Fund Balance	<u><u>\$ 788,813</u></u>
Recapitulation:	
Restricted	\$ 701,693
Restricted- Year End Encumbrances	87,120
	<u><u>\$ 788,813</u></u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
VARIOUS IMPROVEMENTS - ALL SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 35,416,000		\$ 35,416,000	\$ 35,416,000
Total Revenue and Other Financing Sources	35,416,000		35,416,000	35,416,000
Expenditures:				
Other Salaries	5,986		5,986	16,000
Purchased Professional and Technical Services	2,261,515		2,261,515	2,400,000
Construction Services	31,014,099	\$ 1,345,587	32,359,686	33,000,000
Total Expenditures	33,281,600	1,345,587	34,627,187	35,416,000
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 2,134,400	\$ (1,345,587)	\$ 788,813	\$ -0-

Additional Project Information:

Project Numbers	2170035192; 2170315191; 217034193; 2170034191; 2170033193; 2170033192; 2170085193; 2170085191; 2170080192; 2170080191; 2170070193; 2170070191; 2170060193; 2170060191; 2170040193; 2170040191
Grant Date	N/A
Bond Authorization Date	12/10/19
Bonds Authorized	\$ 35,416,740
Bonds Issued	\$ 35,416,000
Original Authorized Cost	\$ 35,416,740
Additional Authorized Cost	\$ (740)
Revised Authorized Cost	\$ 35,416,000
Percentage Decrease from Original Authorized Cost	-0.002%
Percentage Completion	97.77%
Original Target Completion Date	6/30/23
Revised Target Completion Date	6/30/24

PROPRIETARY FUNDS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 360,935	\$ 1,399,518	\$ 1,760,453
Accounts Receivable:			
State		2,190	2,190
Federal		40,620	40,620
Interfund Receivable		50,970	50,970
Inventories		41,590	41,590
Total Current Assets	<u>360,935</u>	<u>1,534,888</u>	<u>1,895,823</u>
Non-Current Assets			
Machinery and Equipment		910,423	910,423
Less: Accumulated Depreciation		<u>(684,345)</u>	<u>(684,345)</u>
Total Non-Current Assets		<u>226,078</u>	<u>226,078</u>
Total Assets	<u>360,935</u>	<u>1,760,966</u>	<u>2,121,901</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund payable	14,208		14,208
Unearned Revenue - Donated Commodities		19,144	
Unearned Revenue - Prepaid Sales	273,894	155,180	429,074
Total Liabilities	<u>288,102</u>	<u>174,324</u>	<u>443,282</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		226,078	226,078
Unrestricted	72,833	1,360,564	1,433,397
Total Net Position	<u>\$ 72,833</u>	<u>\$ 1,586,642</u>	<u>\$ 1,659,475</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 1,666,590	\$ 1,666,590
Daily Sales - Non-Reimbursable Programs		638,035	638,035
Miscellaneous Revenue - Summer Enrichment	\$ 214,629		214,629
Total operating revenue	214,629	2,304,625	2,519,254
Operating expenses:			
Cost of Sales (Reimbursable) Programs		896,823	896,823
Cost of sales (Non-Reimbursable) Programs		343,339	343,339
Salaries	121,668	1,105,069	1,226,737
Employee Benefits	7,352	296,838	304,190
Other Purchased Services	59,210	87,348	146,558
Supplies and Materials	40,607	692,595	733,202
Management Fee		255,452	255,452
Miscellaneous		35,126	35,126
Depreciation		35,209	35,209
Total Operating Expenses	228,837	3,747,799	3,976,636
Operating (Loss)	(14,208)	(1,443,174)	(1,457,382)
Non-Operating Revenue:			
State Sources:			
State school lunch program		31,757	31,757
State school breakfast program		807	807
State Supplement for Summer Food Service Programs		2,833	2,833
Federal Sources:			
National school lunch program		616,174	616,174
National school breakfast program		60,461	60,461
Food distribution program		234,369	234,369
Supply Chain Assistance		339,915	339,915
Total Non-Operating Revenue		1,286,316	1,286,316
Change in Net Position	(14,208)	(156,858)	(171,066)
Net Position - Beginning of Year	87,041	1,743,500	1,830,541
Net Position - End of Year	\$ 72,833	\$ 1,586,642	\$ 1,659,475



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Funds		Total
	Summer Enrichment	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 271,940	\$ 2,304,625	\$ 2,576,565
Payments to Employees	(129,020)	(1,401,907)	(1,530,927)
Payments to Suppliers	(85,609)	(2,083,043)	(2,168,652)
Net Cash Provided by/(Used for) Operating Activities	<u>57,311</u>	<u>(1,180,325)</u>	<u>(1,123,014)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(39,779)	(39,779)
Net Cash (Used for) Capital and Related Financing Activities		<u>(39,779)</u>	<u>(39,779)</u>
Cash Flows from Non-Capital Financing Activities:			
State Sources			
State School Lunch Program		34,691	34,691
State School Breakfast Program		743	743
State Supplement for Summer Food Service Programs		2,833	2,833
Federal Sources			
National School Lunch Program		797,147	797,147
National School Breakfast Program		138,781	138,781
Supply Chain Assistance		339,915	339,915
Net Cash Provided by Non-Capital Financing Activities		<u>1,314,110</u>	<u>1,314,110</u>
Net Increase in Cash and Cash Equivalents	57,311	94,006	151,317
Cash and Cash Equivalents, July 1	<u>303,624</u>	<u>1,305,512</u>	<u>1,609,136</u>
Cash and Cash Equivalents, June 30	<u>\$ 360,935</u>	<u>\$ 1,399,518</u>	<u>\$ 1,760,453</u>
Reconciliation of of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)	\$ (14,208)	\$ (1,443,174)	\$ (1,457,382)
Adjustment to Reconcile Operating (Loss) to Cash Provided by Operating Activities:			
Depreciation		35,209	35,209
Federal Food Distribution Program		234,369	234,369
Changes in Assets and Liabilities:			
(Increase) in Interfund Receivable		(12,956)	
(Increase) in Inventory		(627)	(627)
Increase in Interfund Payable	14,208		14,208
Increase in Unearned Revenue - Donated Commodities		4,576	
Increase in Unearned Revenue - Prepaid Sales	57,311	2,278	59,589
Net Cash Provided by Operating Activities	<u>\$ 57,311</u>	<u>\$ (1,180,325)</u>	<u>\$ (1,123,014)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$238,944 and utilized \$234,369 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2023.

FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Int. Rate	Matured	Balance July 1, 2022	Balance June 30, 2023
			Outstanding		Amount	Matured				
			Date	June 30, 2023						
Referendum Bonds 2021	07/09/2020	\$ 35,416,000	07/15/2023	\$ 1,515,000	2.000%					
			07/15/2024	1,555,000	2.000%					
			07/15/2025	1,595,000	2.000%					
			07/15/2026	1,630,000	2.000%					
			07/15/2027	1,675,000	2.000%					
			07/15/2028	1,715,000	2.000%					
			07/15/2029	1,760,000	2.000%					
			07/15/2030	1,800,000	2.000%					
			07/15/2031	1,845,000	2.000%					
			07/15/2032	1,890,000	2.000%					
			07/15/2033	1,940,000	2.000%					
			07/15/2034	1,990,000	2.000%					
			07/15/2035	2,040,000	2.000%					
			07/15/2036	2,090,000	2.000%					
		07/15/2037	2,140,000	2.000%						
		07/15/2038	2,195,000	2.000%						
		07/15/2039	2,250,000	2.000%						
		07/15/2040	2,315,000	2.000%						
						\$ 35,416,000	\$ 1,476,000	\$ 33,940,000		
						\$ 35,416,000	\$ 1,476,000	\$ 33,940,000		

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Item	Interest Rate	Original Issue	Balance June 30, 2022	Matured	Balance June 30, 2023
Energy Savings Program	2.84%	\$ 16,085,000	\$ 11,024,289	\$ 662,911	\$ 10,361,378
Various Equipment Purchases	1.20%	2,240,000	1,266,191	489,133	777,058
			\$ 12,290,480	\$ 1,152,044	\$ 11,138,436

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Purpose	Interest Rate	Original Issue	Balance June 30, 2022	Issued	Matured	Balance June 30, 2023
Custodial Equipment	1.955%	\$ 188,585	\$ 77,632		\$ 38,440	\$ 39,192
Vehicles	2.143%	259,750	107,216		53,040	54,176
Technology	2.680%	2,732,741	575,837		575,837	
Buses and Technology	2.753%	719,389	151,795		151,795	
Buildings and Grounds Vehicles and Equipment; Buses	0.964%	2,192,136	1,762,079		434,202	1,327,877
New Phone System	1.027%	446,393	358,929		88,361	270,568
Technology and Security Upgrades #1	2.398%	117,666		\$ 117,666	22,432	95,234
Technology and Security Upgrades #2	2.398%	2,634,985		2,634,985	635,519	1,999,466
			<u>\$ 3,033,488</u>	<u>\$ 2,752,651</u>	<u>\$ 1,999,626</u>	<u>\$ 3,786,513</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUE:</b>					
Local Sources:					
Local Tax Levy	\$ 1,192,101		\$ 1,192,101	\$ 1,192,101	
State Sources:					
Debt Service Aid Type II	736,127		736,127	736,127	
Total Revenue	1,928,228		1,928,228	1,928,228	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	693,560		693,560	693,560	
Redemption of Principal	1,476,000		1,476,000	1,476,000	
Total Regular Debt Service	2,169,560		2,169,560	2,169,560	
Total Expenditures	2,169,560		2,169,560	2,169,560	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(241,332)	\$ -0-	(241,332)	(241,332)	\$ -0-
Fund Balance, July 1	241,332		241,332	241,332	
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**

	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> 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
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

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

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities/(Deficit):										
Net Investment in Capital Assets	\$ 43,995,299	\$ 44,936,246	\$ 45,360,739	\$ 47,960,948	\$ 48,345,680	\$ 48,812,190	\$ 50,405,821	\$ 34,102,808	\$ 59,835,556	\$ 61,175,168
Restricted	6,549,112	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566	18,800,849
Unrestricted	(1,929,994)	(26,827,089)	(27,805,456)	(31,114,694)	(32,460,603)	(32,754,758)	(33,329,139)	(31,091,641)	(26,656,741)	(23,567,330)
<b>Total Governmental Activities Net Position</b>	<b>\$ 48,614,417</b>	<b>\$ 25,083,344</b>	<b>\$ 25,212,849</b>	<b>\$ 23,764,187</b>	<b>\$ 21,657,121</b>	<b>\$ 22,074,222</b>	<b>\$ 27,040,542</b>	<b>\$ 35,039,762</b>	<b>\$ 52,185,381</b>	<b>\$ 56,408,687</b>
Business-Type Activities/(Deficit):										
Investment in Capital Assets	\$ 21,308	\$ 136,519	\$ 136,619	\$ 121,390	\$ 106,161	\$ 90,931	\$ 75,810	\$ 130,138	\$ 221,508	\$ 226,078
Unrestricted/(Deficit)	2,627	(60,230)	(93,185)	(49,064)	(52,566)	43,247	(249,848)	345,599	1,609,033	1,433,397
<b>Total Business-Type Activities Net Position</b>	<b>\$ 23,935</b>	<b>\$ 76,290</b>	<b>\$ 43,434</b>	<b>\$ 72,326</b>	<b>\$ 53,594</b>	<b>\$ 134,178</b>	<b>\$ (174,037)</b>	<b>\$ 475,737</b>	<b>\$ 1,830,541</b>	<b>\$ 1,659,475</b>
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 44,016,607	\$ 45,072,765	\$ 45,497,358	\$ 48,082,338	\$ 48,451,841	\$ 48,903,122	\$ 50,481,632	\$ 34,232,946	\$ 60,057,064	\$ 61,401,246
Restricted	6,549,112	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566	18,800,849
Unrestricted	(1,927,367)	(26,887,318)	(27,898,640)	(31,163,758)	(32,513,169)	(32,711,512)	(33,578,986)	(30,746,043)	(25,047,708)	(22,133,933)
<b>Total District Net Position</b>	<b>\$ 48,638,353</b>	<b>\$ 25,159,634</b>	<b>\$ 25,256,284</b>	<b>\$ 23,836,513</b>	<b>\$ 21,710,716</b>	<b>\$ 22,208,400</b>	<b>\$ 26,866,505</b>	<b>\$ 35,515,499</b>	<b>\$ 54,015,922</b>	<b>\$ 58,068,162</b>

Source: Hillsborough Township Public Schools Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
Governmental Activities:										
Instruction	\$ 73,091,516	\$ 74,316,776	\$ 77,204,533	\$ 78,511,939	\$ 105,084,161	\$ 102,579,914	\$ 96,046,100	\$ 110,596,249	\$ 89,231,641	\$ 94,274,736
Support Services:										
Tuition	2,264,367	3,112,935	2,507,495	2,459,697	2,495,989	1,904,426	2,258,300	2,040,288	2,040,288	2,422,325
Student and Instruction Related Services	19,383,767	18,676,091	20,778,860	21,587,315	28,407,728	28,738,881	25,914,555	26,151,901	20,902,343	21,984,187
General Administrative Services	4,296,064	4,243,278	4,601,059	4,640,663	5,973,852	5,474,583	5,147,570	1,765,703	2,127,668	1,894,548
School Administrative Services	5,497,368	5,773,292	5,782,943	6,113,463	7,996,281	7,970,791	7,712,198	7,247,321	6,376,475	6,404,320
Plant Operations and Maintenance	9,422,191	9,301,598	9,044,922	9,530,527	12,468,507	13,190,510	12,284,432	10,570,516	10,159,497	10,448,004
Pupil Transportation	7,149,961	6,984,429	8,077,406	8,028,302	9,594,801	8,940,841	8,837,432	7,327,551	10,316,670	12,119,718
Central Services								1,765,926	1,762,932	1,827,877
Administrative Information Technology								947,590	1,427,760	2,012,684
Capital Outlay	70,901						219,974		286,095	71,124
Charter Schools	71,124	71,124	71,124	71,124	71,124	71,124	71,124			312,237
SDA Debt Service Assessment	993,413	870,874	747,576	824,247	501,111	377,744	225,420	731,907	768,069	693,560
Interest on Long-Term Debt	122,240,672	123,350,397	128,815,918	131,767,277	172,593,554	169,248,814	158,717,105	167,104,664	145,399,438	154,465,320
Total Governmental Activities Expenses										
Business-Type Activities:										
Food Service	2,400,677	2,405,081	2,708,138	2,726,770	2,791,241	2,744,933	2,169,187	2,233,975	3,529,030	3,674,610
Summer Enrichment	157,281	168,150	205,965	153,995	151,287	95,460	150,697	8,439	170,502	228,837
Total Business-Type Activities Expense	2,557,958	2,573,231	2,914,103	2,880,765	2,942,528	2,840,393	2,319,884	2,242,414	3,699,532	3,903,447
Total District Expenses	124,798,630	125,923,628	131,730,021	134,648,042	175,536,082	172,089,207	161,036,989	169,347,078	149,098,970	158,368,767
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
Tuition	7,242	4,320	7,920	2,498	900		24,945	480,707	523,734	660,004
Student & Instruction Related Services	445,901	343,560	240,463	137,335					782,991	1,146,071
Interest on Long-Term Debt	18,342,673	16,957,459	17,915,136	17,678,868	54,319,949	50,753,540	42,436,321	46,216,832	37,516,665	30,674,910
Operating Grants and Contributions	18,795,816	17,305,339	18,163,519	17,818,701	54,320,849	50,753,540	42,461,266	46,697,539	38,823,390	32,480,985
Total Governmental Activities Program Revenues										
Business-Type Activities:										
Charges for Services:										
Food Service	1,856,664	1,939,777	2,129,701	2,168,114	2,169,422	2,324,965	1,478,899	2,029	644,199	2,304,625
Summer Enrichment	161,627	176,671	212,789	191,586	171,745	78,731	81,220	38,664	170,502	214,629
Operating Grants and Contributions	464,613	509,138	538,758	549,933	582,629	517,280	451,550	2,771,523	4,239,636	1,213,127
Total Business-Type Activities Program Revenues	2,482,904	2,625,586	2,881,248	2,909,653	2,923,796	2,920,976	2,011,669	2,812,216	5,054,337	3,732,381
Total District Program Revenues	21,278,720	19,930,925	21,044,767	20,728,354	57,244,645	53,674,516	44,472,935	49,509,755	43,877,727	36,213,566

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

UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (103,444,856)	\$ (106,045,058)	\$ (110,652,399)	\$ (113,948,576)	\$ (118,272,705)	\$ (118,495,274)	\$ (116,255,839)	\$ (120,407,125)	\$ (106,576,048)	\$ (121,984,335)
Business-Type Activities	(75,054)	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805	(171,066)
Total District-Wide Net Expense	(103,519,910)	(105,992,703)	(110,685,254)	(113,919,688)	(118,291,437)	(118,414,691)	(116,564,054)	(119,837,323)	(105,221,243)	(122,155,401)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	79,952,811	83,613,861	86,986,137	88,725,860	91,982,597	95,517,733	98,311,708	100,277,942	102,283,501	104,329,171
Taxes Levied for Debt Service	2,520,448	2,550,932	2,558,012	2,580,251	2,580,251	2,472,427	2,364,796	2,252,361	2,058,887	1,192,101
Unrestricted Grants and Contributions	19,887,110	20,070,010	20,079,684	20,063,162	20,732,669	19,576,367	19,090,699	25,000,176	18,215,674	18,907,511
Tuition (other than special schools)	434,471	687,242	673,034	424,955	611,870	599,420	445,099			
Investment Earnings	11,473	19,273	16,062	21,022	20,411	143,028	71,962			
Miscellaneous Income	380,739	246,399	576,495	514,183	737,843	603,401	937,895	952,065	1,163,605	1,778,858
Adjustment to Capital Assets					(500,000)					
N.J. Economic Development Authority Grant	521,866		(107,520)							
Other Item - SDA Grants Cancelled										
Total Governmental Activities	103,708,918	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667	126,207,641
Total District-Wide	103,708,918	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667	126,207,641
Change in Net Position:										
Governmental Activities	264,062	1,142,659	129,505	(1,648,462)	(2,107,064)	417,102	4,966,320	8,075,419	17,145,619	4,223,306
Business-Type Activities	(75,054)	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805	(171,066)
Total District	\$ 189,008	\$ 1,195,014	\$ 96,650	\$ (1,619,574)	\$ (2,125,796)	\$ 497,685	\$ 4,658,105	\$ 8,645,221	\$ 18,500,424	\$ 4,052,240

Source: Hillsborough Township Public Schools Financial Reports

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund:</b>										
Restricted	\$ 6,301,075	\$ 6,787,238	\$ 7,975,802	\$ 8,741,241	\$ 5,665,868	\$ 5,871,549	\$ 10,919,456	\$ 14,342,833	\$ 15,790,262	\$ 17,129,625
Assigned		161,280		38,892	4,445	14,032	236,389	662,117	1,550,237	2,768,366
Unassigned	96,434	309,942	304,876	(44,021)	17,824	280,711	(11,692)	2,656,584	2,609,049	1,402,592
<b>Total General Fund</b>	<b>\$ 6,397,509</b>	<b>\$ 7,258,460</b>	<b>\$ 8,280,678</b>	<b>\$ 8,736,112</b>	<b>\$ 5,688,137</b>	<b>\$ 6,166,292</b>	<b>\$ 11,144,153</b>	<b>\$ 17,661,534</b>	<b>\$ 19,949,548</b>	<b>\$ 21,300,583</b>
<b>All Other Governmental Funds:</b>										
Restricted:										
Special Revenue Fund								\$ 738,532	\$ 840,572	\$ 882,411
Capital Projects Fund	\$ 521,866	\$ 263,566	\$ (116,352)	\$ (1,704,267)	\$ 227,733	\$ 227,733	\$ (910,389)	17,322,081	2,134,400	788,813
Debt Service Fund				8,020	8,545	11,840	13,434	241,332	241,332	
<b>Total All Other Governmental Funds</b>	<b>\$ 521,866</b>	<b>\$ 263,567</b>	<b>\$ (116,351)</b>	<b>\$ (1,696,247)</b>	<b>\$ 236,278</b>	<b>\$ 239,573</b>	<b>\$ (896,955)</b>	<b>\$ 18,301,945</b>	<b>\$ 3,216,304</b>	<b>\$ 1,671,224</b>

Source: Hillsborough Township Public Schools Financial Reports

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 82,919,160	\$ 86,506,354	\$ 89,782,613	\$ 91,414,127	\$ 94,562,848	\$ 97,990,160	\$ 100,676,506	\$ 102,530,303	\$ 104,342,388	\$ 105,521,272
Tuition Charges	441,713	691,562	680,954	427,452	612,770	599,420	470,044		523,734	660,004
Interest Earned on Investments	11,473	19,273	18,062	21,022	20,411	143,028	71,962			
Miscellaneous	389,882	258,206	634,123	546,623	778,910	702,232	937,895	1,477,269	1,972,741	2,975,627
State Sources	36,121,041	35,092,820	35,868,632	35,711,725	45,324,156	47,678,141	46,814,533	50,688,682	55,884,152	57,452,441
Federal Sources	2,099,599	1,924,841	2,068,559	1,997,866	1,791,023	2,132,428	1,979,890	2,214,641	2,570,307	3,258,483
<b>Total Revenue</b>	<b>121,982,868</b>	<b>124,493,056</b>	<b>129,052,943</b>	<b>130,118,815</b>	<b>143,090,118</b>	<b>149,245,409</b>	<b>150,950,830</b>	<b>156,910,895</b>	<b>165,293,322</b>	<b>169,867,827</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	34,418,825	34,499,423	34,766,880	34,983,211	35,348,459	36,074,650	34,132,872	34,192,445	36,395,767	37,357,088
Special Education Instruction	10,599,144	11,290,657	12,445,328	12,548,244	12,800,950	13,115,116	13,085,274	15,396,693	13,899,569	14,459,128
Other Special Instruction	6,375,914	6,825,498	6,885,244	7,004,993	7,230,692	7,150,291	6,851,120	6,729,474	5,314,727	5,669,709
Other Instruction									1,430,926	1,580,021
<b>Support Services:</b>										
Tuition	2,264,367	3,112,935	2,507,496	2,459,697	2,495,869	1,904,426	2,258,300	3,812,134	2,040,288	2,422,325
Student and Instruction Related Services	14,907,498	14,465,452	16,154,455	16,594,833	17,216,328	18,203,147	16,250,624	17,298,380	18,744,579	18,871,221
School Administrative Services	3,992,841	4,013,734	4,059,882	4,131,759	4,203,681	4,332,317	4,286,205	4,219,128	4,319,823	4,459,069
General Administrative Services	3,374,885	3,413,894	3,617,371	3,672,566	3,711,730	3,557,269	3,502,386	1,781,882	1,705,902	1,438,653
Plant Operations and Maintenance	7,876,006	7,588,763	7,734,581	8,934,085	9,935,499	9,666,826	9,020,361	8,694,493	10,177,411	10,421,113
Pupil Transportation	6,755,219	6,625,351	7,610,768	7,474,757	8,369,643	8,441,655	8,447,503	8,823,118	9,621,521	11,249,627
Central Services & Administrative IT								1,935,362	2,365,780	2,269,132
Unallocated Benefits	27,698,139	27,288,897	28,524,425	28,356,256	39,451,382	43,138,923	44,893,596	43,093,738	51,274,554	55,451,182
Transfer to Charter Schools	70,901						219,974		286,095	312,237
<b>Debt Service:</b>										
Principal	2,485,000	2,515,000	2,520,000	2,515,000	4,442,000	2,505,000	2,500,000	2,490,000	1,720,000	1,476,000
Interest and Other Charges	1,028,861	906,805	783,588	680,179	636,962	413,515	291,110	731,907	1,079,192	693,560
Capital Outlay	17,318,624	1,343,996	693,105	1,887,698	970,639	260,825	1,370,173	20,582,677	17,714,816	4,684,458
<b>Total Expenditures</b>	<b>139,166,224</b>	<b>123,890,405</b>	<b>128,303,123</b>	<b>131,243,278</b>	<b>146,813,834</b>	<b>148,763,960</b>	<b>147,109,498</b>	<b>169,781,431</b>	<b>178,090,950</b>	<b>172,814,523</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(17,183,356)</b>	<b>602,651</b>	<b>749,820</b>	<b>(1,124,463)</b>	<b>(3,723,716)</b>	<b>481,449</b>	<b>3,841,332</b>	<b>(12,870,536)</b>	<b>(12,797,628)</b>	<b>(2,946,696)</b>

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

	Fiscal Year Ending June 30.									
	2014	2015	2016	2017	2018	2019	2020	2021	2021	2023
Other Financing Sources (Uses)										
Bond Anticipation Note Funded										
Bond Proceeds					\$ 1,932,000				\$ 35,416,000	
New Jersey E.D.A. Grants	\$ 521,868		\$ (107,520)		676,267				2,240,000	\$ 2,752,651
Leases (Non-Budgeted)	16,085,000		156,046	\$ 8,019	1,265,735	\$ 2,869	\$ 1,594		227,733	
Transfers In		\$ 782,800	(156,046)	(8,019)	(1,265,735)	(2,869)	(1,594)		(227,733)	
Transfers Out		(782,800)	(107,520)		2,608,267				37,656,000	
Total Other Financing Sources (Uses)	16,606,868	602,651	642,300	(1,124,463)	(1,115,449)	481,449	3,841,332		24,785,464	2,752,651
Net Change in Fund Balances	\$ (576,488)	\$ 602,651	\$ 642,300	\$ (1,124,463)	\$ (1,115,449)	\$ 481,449	\$ 3,841,332	\$ (12,797,628)	\$ (194,045)	
Debt Service as a Percentage of Noncapital Expenditures	2.97 %	2.87 %	2.66 %	2.53 %	3.61 %	2.00 %	1.95 %	1.78 %	2.21 %	1.31 %

Source: Hillsborough Township Public Schools Financial Reports

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

Fiscal Year Ending June 30,	Interest on Investments	Transportation Fees	Miscellaneous	Tuition	Total
2014	\$ 11,473	\$ 7,242	\$ 317,739	\$ 434,471	\$ 770,925
2015	19,273	4,320	221,413	687,242	932,248
2016	18,062	7,920	576,495	673,034	1,275,511
2017	13,003	2,498	514,183	424,955	954,638
2018	19,972	900	737,758	611,870	1,370,499
2019	140,159		603,400	599,420	1,342,979
2020	70,368	24,945	894,245	445,099	1,434,657
2021	29,721	19,000	767,991	135,353	952,065
2022	31,440		1,132,165	523,734	1,687,339
2023	479,528		1,299,330	660,004	2,438,862

Source: Hillsborough Township Public Schools Financial Reports



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

Year Ended December 31,	Vacant Land		Residential		Farm Regular		Commercial		Industrial		Apartment		Total Assessed Value		Public Utilities <sup>a</sup>		Net Valuation Taxable		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)	
	\$		\$		\$		\$		\$		\$		\$		\$		\$				\$	
2013	87,720,500		4,582,350,500		96,779,600		410,390,900		213,326,100		87,255,000		5,477,822,600		3,627,426		5,481,450,026		1.47		6,057,356,261	
2014	77,480,700		4,596,927,400		95,248,000		397,914,100		193,664,500		95,970,600		5,457,205,300		3,035,857		5,460,241,157		1.54		5,676,041,481	
2015	74,521,700		4,653,158,000		95,210,600		397,202,200		191,400,800		102,671,900		5,517,265,624		3,100,424		5,517,265,624		1.58		5,687,330,358	
2016	71,014,800		4,740,155,800		93,680,300		417,265,100		191,549,700		106,781,700		5,620,447,400		3,047,705		5,623,495,105		1.60		5,816,900,054	
2017	* 75,691,300		4,833,831,900		66,005,000		436,936,200		193,376,000		106,035,200		5,711,875,600		3,042,893		5,714,918,493		1.60		6,978,904,846	
2018	68,712,100		5,016,174,200		85,528,600		410,565,800		198,596,900		148,154,700		5,927,732,300		3,109,514		5,930,841,814		1.61		6,196,928,665	
2019	64,894,900		5,217,400,700		80,968,100		428,899,100		195,673,200		164,173,700		6,152,009,700		3,168,769		6,155,178,469		1.60		6,878,244,527	
2020	71,551,400		5,388,809,700		78,937,700		437,773,500		199,607,400		163,647,300		6,340,327,000		3,225,519		6,343,552,519		1.59		6,545,829,455	
2021	74,371,100		5,585,252,100		79,489,500		469,093,400		211,585,600		163,647,300		6,583,439,000		3,366,855		6,586,805,855		1.56		6,741,182,675	
2022	75,121,400		6,120,261,400		83,470,200		475,683,900		217,496,700		163,663,800		7,135,697,400		3,488,595		7,139,185,995		1.48		7,253,132,228	

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

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

\* Revaluation/reassessment effective in this year.

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

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

Year Ended December 31,	Township of Hillsborough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of Hillsborough	Somerset County	
2013	\$ 1.39	\$ 0.08	\$ 1.47	\$ 0.37	\$ 0.41	\$ 2.25
2014	1.47	0.06	1.54	0.39	0.41	2.33
2015	1.52	0.06	1.58	0.39	0.41	2.38
2016	1.54	0.06	1.60	0.40	0.41	2.41
2017	* 1.54	0.06	1.60	0.40	0.42	2.42
2018	1.52	0.08	1.61	0.40	0.41	2.42
2019	1.55	0.05	1.60	0.35	0.42	2.36
2020	1.54	0.04	1.59	0.34	0.41	2.34
2021	1.53	0.03	1.56	0.34	0.40	2.30
2022	1.46	0.02	1.48	0.32	0.39	2.19

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

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

\* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Collector and School Business Administrator

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

Taxpayer	2023	
	Taxable Assessed Value	% of Total District Net Assessed Value
Brookhaven Lofts, LLC	\$ 62,913,000	0.99 %
Texas Eastern Transmission	46,912,500	0.74 %
Sunnymeade Run	41,020,000	0.65 %
KD Hillsborough 44A Inc	36,954,800	0.58 %
Hillsborough Village Center LLC	27,398,500	0.43 %
Beekman Gardens Associates	24,975,000	0.39 %
Amwell Terrace LLC	22,367,200	0.35 %
Nelson's Corner Associates	20,853,500	0.33 %
Hillsborough Gardens Assoc.	19,583,300	0.31 %
RB Manufacturing	18,930,100	0.30 %
Total	\$ 321,907,900	5.07 %

Taxpayer	2014	
	Taxable Assessed Value	% of Total District Net Assessed Value
NOT AVAILABLE		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 62,919,160	\$ 62,919,160	100.00 %	-0-
2015	86,508,354	86,508,354	100.00 %	-0-
2016	89,782,613	89,782,613	100.00 %	-0-
2017	91,414,127	91,414,127	100.00 %	-0-
2018	94,562,848	94,562,848	100.00 %	-0-
2019	97,990,160	97,990,160	100.00 %	-0-
2020	100,676,506	100,676,506	100.00 %	-0-
2021	102,530,303	102,530,303	100.00 %	-0-
2022	104,342,388	104,342,388	100.00 %	-0-
2023	105,521,272	105,521,272	100.00 %	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Financed Purchases Payable	Leases Payable	Bond Anticipation Notes (BANs)			
2014	\$ 19,275,000	\$ 16,085,000			\$ 35,360,000	0.21 %	\$ 906
2015	16,760,000	16,085,000			32,845,000	0.24 %	836
2016	14,240,000	15,905,000			30,145,000	0.28 %	766
2017	11,725,000	14,824,826		\$ 1,932,000	28,481,826	0.31 %	723
2018	9,215,000	14,259,565	\$ 6,556,767		30,031,332	0.39 %	762
2019	6,710,000	13,401,145	5,884,799		25,995,944	0.49 %	654
2020	4,210,000	12,514,874	5,126,928		21,851,802	0.63 %	545
2021	37,136,000	13,531,527	4,349,174		55,016,701	0.22 %	1,372
2022	35,416,000	12,290,480	3,033,489		50,739,969	1.03 %	1,174
2023	33,940,000	11,138,378	3,786,513		48,864,891	0.99 %	1,130

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 19,275,000	\$ -0-	\$ 19,275,000	0.35 %	\$ 494
2015	16,760,000	-0-	16,760,000	0.31 %	427
2016	14,240,000	-0-	14,240,000	0.26 %	362
2017	11,725,000	-0-	11,725,000	0.21 %	298
2018	9,215,000	-0-	9,215,000	0.16 %	234
2019	6,710,000	-0-	6,710,000	0.11 %	169
2020	4,210,000	-0-	4,210,000	0.07 %	105
2021	37,136,000	-0-	37,136,000	0.59 %	926
2022	35,416,000	-0-	35,416,000	0.54 %	819
2023	33,940,000	-0-	33,940,000	0.48 %	785

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

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

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

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Hillsborough	\$ 27,429,361	100.00 %	\$ 27,429,361
County of Somerset General Obligation Debt	265,237,860	10.63 %	28,184,687
County of Somerset Improvement Authority Debt	146,228,672	10.63 %	15,538,541
Subtotal, Overlapping Debt			71,152,589
Township of Hillsborough School District Direct Debt			<u>33,940,000</u>
Total Direct and Overlapping Debt			<u>\$ 105,092,589</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

	Equalized Valuation Basis	
2022	\$	7,919,752,941
2021		7,320,626,042
2020		6,836,669,183
	\$	22,077,048,166
Average Equalized Valuation of Taxable Property	\$	7,359,016,055
Debt Limit (4% of Average Equalization Value)	\$	294,360,642 <sup>a</sup>
Net Bonded School Debt Issued and Unissued		33,940,000
Legal Debt Margin	\$	260,420,642

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 254,213,237	\$ 261,260,969	\$ 230,098,520	\$ 269,607,011	\$ 294,360,642
Total Net Debt Applicable to Limit	6,710,000	4,210,000	37,136,000	35,416,000	33,940,000
Legal Debt Margin	\$ 247,503,237	\$ 257,050,969	\$ 192,962,520	\$ 234,191,011	\$ 260,420,642
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.64 %	1.61 %	16.14 %	13.14 %	11.53 %

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 237,248,873	\$ 235,338,708	\$ 234,700,839	\$ 239,198,676	\$ 246,791,955
Total Net Debt Applicable to Limit	19,275,000	16,760,000	14,240,000	11,725,000	9,215,000
Legal Debt Margin	\$ 217,973,873	\$ 218,578,708	\$ 220,460,839	\$ 227,473,676	\$ 237,576,955
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.12 %	7.12 %	6.07 %	4.90 %	3.73 %

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

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



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

Year	Population <sup>a</sup>	Somerset County Per Capita Personal Income <sup>b</sup>	Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2014	39,045	\$ 83,386	\$ 3,255,806,370	4.60%
2015	39,277	88,399	3,472,047,523	4.00%
2016	39,348	92,352	3,633,866,496	3.70%
2017	39,388	99,210	3,907,683,480	3.50%
2018	39,432	104,620	4,125,375,840	3.20%
2019	39,724	110,466	4,388,151,384	2.70%
2020	40,081	112,825	4,522,138,825	7.10%
2021	40,105	113,975	4,570,967,375	5.70%
2022	43,228	113,975 *	4,926,911,300	2.80%
2023	43,228 **	113,975 *	4,926,911,300 ***	N/A

N/A - Not Available

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

\*\* - Latest population data available (2022) was used for calculation purposes.

\*\*\* - Latest available population data (2022) and latest available Somerset County per capita personal income (2021) was used for calculation purposes.

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

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

	2023		
Employer	Employees	Rank	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

	2014		
Employer	Employees	Rank	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Source: Somerset County Business Partnership Website

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

<u>Function/Program</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>	<u>2023</u>
Instruction:										
Regular	650	651	655	652	653	653	683	667	679	658
Support Services:										
Attendance		1	2	1	1	1		1	1	1
Health Services	11	11	11	12	12	12	12	12	14	14
Related Services	17	17	17	23	26	26	25	27	27	23
Extraordinary Services	93	94	94	92	96	111	94	92	84	102
Guidance Professional	21	21	21	22	25	27	27	27	27	27
Guidance Support	2	2	2	2	2	2		1	1	1
Child Study Team Professional	24	24	24	25	26	26	25	26	26	26
Child Study Team Staff	5	5	5	4	5	5	3	3	3	3
Improvement of Instruction Supervisors	6	7	7	7	7	6	7	7	7	7
Improvement of Instruction Support	2	3	3	3	3	3	4	3	3	3
Media Services	12	12	12	10	10	10	10	10	10	10
Instructional Staff Training Services							1	1	1	1
General administrative Professional	7	7	7	6	6	6	1	2	2	2
General administrative Support	4	4	4	3	3	3	3	2	2	2
School Administrative Professional	21	20	20	17	17	17	21	20	20	20
School Administrative Support	31	31	31	27	28	28	30	24	24	24
Central Services Professional	6	6	6	8	8	8	3	3	3	3
Central Services Support	8	7	7	13	13	13	9	12	12	12
Technology	11	11	11	13	13	12	9	10	11	10
Operations and Maintenance	100	100	98	114	128	128	123	86	86	82
Transportation	32	32	31	28	33	35	47	47	44	51
Total	<u>1,063</u>	<u>1,066</u>	<u>1,068</u>	<u>1,082</u>	<u>1,115</u>	<u>1,132</u>	<u>1,137</u>	<u>1,083</u>	<u>1,087</u>	<u>1,082</u>

Source: Hillsborough Township Public School District Personnel Records

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Enrollment <sup>d</sup>	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	7,197	\$ 118,333,739	\$ 16,442	-0.39%	747	9.6	7,233	6,929	0.03%	95.80%
2015	7,210	119,124,604	16,522	0.49%	745	9.7	7,230	6,967	-0.04%	96.36%
2016	7,201	124,306,429	17,262	4.48%	747	9.6	7,319	7,037	1.23%	96.15%
2017	7,275	126,070,401	17,329	0.39%	743	9.8	7,271	6,988	-0.66%	96.11%
2018	7,345	140,664,232	19,151	10.51%	745	9.9	7,349	7,046	1.07%	95.88%
2019	7,406	145,584,620	19,658	2.65%	756	9.8	7,419	7,123	0.95%	96.01%
2020	7,486	142,948,215	19,095	-2.86%	728	10.3	7,432	7,177	0.18%	96.57%
2021	7,234	146,540,446	20,257	6.08%	716	10.1	7,220	7,043	-2.85%	97.55%
2022	7,233	157,576,942	21,786	7.55%	727	9.9	7,223	6,900	0.04%	95.53%
2023	7,237	138,765,380	19,174	-11.99%	717	10.1	7,222	6,851	-0.01%	94.86%

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

Note: Enrollment based on annual October district count.

Source: Hillsborough Township Public Schools Financial Records

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Buildings</u>										
Elementary Schools:										
Amsterdam Elementary (1990)										
Square Feet	53,045	53,045	53,045	53,045	53,045	58,233	58,233	58,233	58,233	58,233
Capacity (students)	600	600	600	600	600	506	506	506	506	506
Enrollment	492	487	532	548	512	511	502	502	422	387
Hillsborough Elementary (1949)										
Square Feet	64,810	64,810	64,810	64,810	64,810	68,980	68,980	68,980	68,980	68,980
Capacity (students)	600	600	600	600	600	518	518	518	518	518
Enrollment	493	516	501	466	499	520	536	478	477	484
Sunnymead Elementary (1959)										
Square Feet	50,001	50,001	50,001	50,001	50,001	51,450	51,450	51,450	51,450	51,450
Capacity (students)	600	600	600	600	600	459	459	459	459	459
Enrollment	395	416	451	430	461	489	501	492	492	494
Triangle Elementary {1960}										
Square Feet	47,435	47,435	47,435	47,435	47,435	52,095	52,095	52,095	52,095	52,095
Capacity (students)	600	600	600	600	600	443	443	443	443	443
Enrollment	392	370	377	357	389	369	353	356	356	371
Woodfern Elementary (1960)										
Square Feet	47,041	47,041	47,041	47,041	47,041	51,830	51,830	51,830	51,830	51,830
Capacity (students)	600	600	600	600	600	481	481	481	481	481
Enrollment	396	390	356	346	343	363	374	338	338	332
Wood Road Elementary (1967)										
Square Feet	58,176	58,176	58,176	58,176	58,176	59,746	59,746	59,746	59,746	59,746
Capacity (students)	600	600	600	600	600	600	529	529	529	529
Enrollment	467	472	488	483	481	474	476	399	398	375
Intermediate School:										
Auten Road Intermediate School (1998)										
Square Feet	120,335	120,335	120,335	120,335	120,335	177,374	177,374	177,374	177,374	177,374
Capacity (students)	1,300	1,300	1,300	1,300	1,300	1,242	1,242	1,242	1,242	1,242
Enrollment	1,139	1,097	1,152	1,168	1,138	1,164	1,189	1,156	1,157	1,201
Middle School:										
Hillsborough Middle School (1975)										
Square Feet	165,811	165,811	165,811	165,811	165,811	176,000	176,000	176,000	176,000	176,000
Capacity {students}	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,125	1,153	1,197	1,178	1,198	1,208	1,223	1,212	1,219	1,191
High School:										
Hillsborough High School (1967)										
Square Feet	314,615	314,615	314,615	314,615	314,615	375,913	375,913	375,913	375,913	375,913
Capacity (students)	2,600	2,600	2,600	2,600	2,600	2,334	2,334	2,334	2,334	2,334
Enrollment	2,261	2,228	2,255	2,255	2,255	2,308	2,308	2,308	2,369	2,352
Number of Schools at June 30, 2023										
Elementary =	6									
Intermediate School =	1									
Middle School =	1									
High School =	1									

Source: Hillsborough Township Public Schools District Facilities Office

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

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

Fiscal Year Ended June 30,	Hillsborough	Hillsborough	Auten Road	Amsterdam	Hillsborough	Sunnymead	Triangle	Woodfern	Wood Road	Total
	High School	Middle School	Intermediate School	Elementary School	Elementary School	Elementary School	Elementary School	Elementary School	Elementary School	
2014	\$ 187,520	\$ 72,339	\$ 77,045	\$ 36,037	\$ 26,259	\$ 17,327	\$ 22,772	\$ 35,221	\$ 20,649,000	\$ 495,169
2015	191,050	101,457	54,304	24,410	40,798	28,583	30,150	59,126	45,695	575,573
2016	187,411	93,548	74,357	36,162	35,178	15,939	23,360	36,097	39,532	541,584
2017	686,901	271,395	223,149	39,496	77,105	29,595	26,943	42,935	52,190	1,449,709
2018	682,769	366,055	150,357	92,470	205,105	39,254	135,246	62,436	286,340	2,020,032
2019	212,764	22,115	48,133	18,285	31,790	43,878	38,521	29,001	38,260	482,747
2020	131,029	58,439	40,478	15,037	19,572	(3,232)	11,043	17,173	25,725	315,264
2021	82,646	12,253	10,229	4,771	17,559	2,271	2,870	4,743	4,036	141,378
2022	319,084	149,393	150,559	49,429	58,552	43,672	44,219	43,994	50,714	909,616
2023	286,794	225,128	144,328	36,728	97,161	80,587	126,228	79,364	32,101	1,108,419

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

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

SINGLE AUDIT SECTION





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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hillsborough Township Public Schools, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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.

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

October 18, 2023  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant



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

Independent Auditors' Report

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

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

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

We have audited the Hillsborough Township Public Schools (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. 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, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

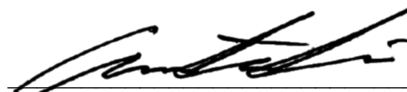
Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

October 18, 2023  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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Andrew Kucinski  
Licensed Public School Accountant #2684  
Certified Public Accountant

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Budgetary Expendi- tures	Cash Received	Balance at June 30, 2023		Amounts Paid to Subrecipients	
					Unearned/ Revenue/ (Accounts Receivable)	Due to Grantor			Budgetary Unearned Revenue	Budgetary Accounts Receivable		
<b>U.S. Department of Agriculture:</b>												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/22-6/30/23	\$ 238,944	\$	\$ 238,944	\$ (219,800)	\$ 19,144				
Federal Food Distribution Program	10.555	N/A	7/1/21-6/30/22	112,094	\$ 14,569		(14,569)					
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	561,305		522,430	(561,305)		\$ (38,875)			
School Breakfast Program	10.555	N/A	7/1/22-6/30/23	17,997		16,252	(17,997)		(1,745)			
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/22-6/30/23	97,333		97,333	(97,333)					
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/21-6/30/22	4,046,983	(299,913)	299,913						
Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	339,915		339,915	(339,915)					
Total Child Nutrition Cluster					(285,344)	1,514,787	(1,250,919)	19,144	(40,620)			
Total U.S. Department of Agriculture					(285,344)	1,514,787	(1,250,919)	19,144	(40,620)			
<b>U.S. Department of Health and Human Services:</b>												
General Fund:												
Medicaid Cluster:												
Medical Assistance Program	93.778	N/A	7/1/22-6/30/23	43,773		43,773	(43,773)					
Total General Fund/Medicaid Cluster				43,773		43,773	(43,773)					
<b>U.S. Department of Education:</b>												
Passed-through State Department of Education:												
Special Revenue Fund:												
ESEA:												
Title I	84.010	ESEA-2170-23	7/1/22-9/30/23	216,392		179,759	(215,941)		(36,182)			
Title I	84.010	ESEA-2170-22	7/1/21-9/30/22	231,413	(33,076)	33,076						
Total Title I					(33,076)	212,835	(215,941)		(36,182)			
Title IIA	84.367A	ESEA-2170-23	7/1/22-9/30/23	178,522		89,568	(111,812)		(22,244)			
Title IIA	84.367A	ESEA-2170-22	7/1/21-9/30/22	270,236	(22,513)	46,459	(23,946)					
Total Title IIA					(22,513)	136,027	(135,758)		(22,244)			
Title III	84.365	ESEA-2170-23	7/1/22-9/30/23	59,269		8,532	(14,242)		(5,710)			
Title III	84.365	ESEA-2170-22	7/1/21-9/30/22	116,542	2,325	6,350	(8,675)					
Total Title III					2,325	14,882	(22,917)		(5,710)			
<b>Special Education Cluster:</b>												
I.D.E.A. Part B, Basic Regular	84.027	IDEA-2170-23	7/1/22-9/30/23	2,223,655		1,147,284	(1,435,024)		(287,740)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA-2170-22	7/1/21-9/30/22	2,094,829	(482,832)	482,832						
I.D.E.A. Part B, Preschool	84.173	IDEA-2170-23	7/1/22-9/30/23	62,017		55,785	(61,979)		(6,194)			
I.D.E.A. Part B, Preschool	84.173	IDEA-2170-22	7/1/21-9/30/22	55,362	(5,533)	5,533						
COVID 19 - ARP - I.D.E.A. Basic Regular	84.027X	N/A	7/1/21-9/30/23	317,306	(876)	270,667	(316,034)		(46,243)			
COVID 19 - ARP - I.D.E.A. Preschool	84.173X	N/A	7/1/21-9/30/23	27,075	(90)	25,683	(25,593)					
Total Special Education Cluster					(489,331)	1,987,784	(1,838,630)		(340,177)			

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Due to Grantor	Cash Received	Budgetary Expendi- tures	Balance at June 30, 2023		Amounts Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Unearned Revenue				Budgetary Accounts Receivable		
Education Stabilization Fund:												
COVID 19 - CRRSA - ESSER II	84.425D	N/A	3/13/20-9/30/23	\$ 521,698	\$ (386,675)		\$ 420,701	\$ (34,026)				
COVID 19 - CRRSA - Learning Acceleration	84.425D	N/A	3/13/20-9/30/23	33,480	(6,792)		15,163	(16,941)		\$ (8,570)		
COVID 19 - CRRSA - Mental Health	84.425D	N/A	3/13/20-9/30/23	45,000	(3,325)		32,312	(28,987)				
COVID-19 - ARP - ESSER III	84.425U	N/A	3/13/20-9/30/24	1,172,482	(86,009)		463,522	(385,070)		(7,557)		
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	N/A	3/13/20-9/30/24	597,386	(16,289)		148,389	(132,100)				
COVID-19 - ARP - Evidence Based Summer Learning and Enrichment	84.425U	N/A	3/13/20-9/30/24	40,729			40,729	(40,729)				
COVID-19 - ARP - Evidence Based Comprehensive Beyond the School Day Support Staffing	84.425U	N/A	3/13/20-9/30/24	40,729			2,308	(2,516)		(208)		
COVID-19 - ARP - NJTSS Mental Health Support Staffing	84.425U	N/A	3/13/20-9/30/24	45,000			13,710	(13,710)				
COVID-19 - ARP - Homeless Children Youth II Total Education Stabilization Fund	84.425U	N/A	3/13/20-9/30/24	7,301			7,301	(7,301)		(16,335)		
					(499,090)		1,144,135	(661,380)				
Total U.S. Department of Education					\$ (1,041,685)		3,495,663	(2,874,626)		(420,648)		
U.S. Department of Treasury:												
Passed-through State Department of Education:												
ASCERS	21.027	N/A	7/1/22-6/30/23	233,084			\$ 116,542	(233,084)		(116,542)		
ASCERS	21.027	N/A	7/1/21-6/30/22	54,695			54,695					
Total U.S. Department of Treasury							171,237	(233,084)		(116,542)		
Total Special Revenue Fund					(1,096,380)		3,666,900	(3,107,710)		(537,190)		
Total Federal Awards					(1,381,724)		\$ -0-	\$ 5,225,460	\$ (4,402,402)	\$ (577,810)		\$ -0-

N/A - Not Available/Applicable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancelled	Balance		Memo
				June 30, 2022						June 30, 2023		
				Unearned Revenue/(Accounts Receivable)	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 15,810,143		\$ 14,245,541	\$ (15,810,143)				\$ (1,564,602)	\$ 15,810,143	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	968,117		872,310	(968,117)				(95,807)	968,117	
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	4,582,769		4,129,249	(4,582,769)				(453,520)	4,582,769	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	194,605		175,347	(194,605)				(19,258)	194,605	
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	1,108,731			(1,108,731)				(1,108,731)	1,108,731	
Supplemental Stabilization Aid	23-495-034-5120-128	7/1/22-6/30/23	602,650		602,650	(602,650)					602,650	
Reimbursement of Nonpublic School												
Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	84,552			(84,552)				(84,552)	84,552	
Reimbursed TPAF Social Security	23-495-034-5094-003	7/1/22-6/30/23	4,418,356		4,199,238	(4,418,356)				(219,118)	4,418,356	
Ida Infrastructure Repairs	23-495-034-5120-131	7/1/22-6/30/23	1,000,000		1,000,000	(1,000,000)					1,000,000	
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	17,208,634	\$ (1,709,106)	1,709,106						17,208,634	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	968,117	(96,150)	96,150						968,117	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	4,589,091	(455,774)	455,774						4,589,091	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	194,605	(19,328)	19,328						194,605	
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	1,370,433	(1,370,433)	1,370,433						1,370,433	
Reimbursement of Nonpublic School												
Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	78,880	(78,880)	78,880						78,880	
Reimbursed TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	4,387,654	(215,719)	215,719						4,387,654	
State Reimbursement for Lead Testing of Drinking Water	22-495-034-5120-104	7/1/21-6/30/22	18,621	(18,621)	18,621						18,621	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	5,656,178		5,656,178	(5,656,178)					5,656,178	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	21,236,505		21,236,505	(21,236,505)					21,236,505	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	294,632		294,632	(294,632)					294,632	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	7,810		7,810	(7,810)					7,810	
<b>NJ Schools Development Authority:</b>												
<b>General Fund:</b>												
Securing Our Children's Future Bond Act	N/A	N/A	419,412		419,412	(419,412)					419,412	
Subtotal - General Fund				(3,964,011)	56,802,883	(56,384,460)				(1,412,401)	86,570,928	
<b>Special Revenue Fund:</b>												
<b>NJ Nonpublic Aid:</b>												
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	5,544		5,544	(5,544)					5,544	
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	4,441								4,441	
Technology Initiative Aid	22-100-034-5120-373	7/1/22-6/30/23	3,528		3,528	(2,667)					3,002	
Technology Initiative Aid	22-100-034-5120-373	7/1/21-6/30/22	3,108								3,108	
Nursing Services	23-100-034-5120-070	7/1/22-6/30/23	9,408		9,408	(8,116)					8,116	
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	8,288								8,288	
Security	23-100-034-5120-509	7/1/22-6/30/23	17,220		17,220	(16,355)					16,355	
Security	22-100-034-5120-509	7/1/21-6/30/22	12,950								12,950	
Auxiliary Services:												
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	1,087		1,087	(1,087)					1,087	
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	1,433								1,433	
Handicapped Services:												
Examination & Classification	23-100-034-5120-066	7/1/22-6/30/23	4,739		4,739	(2,086)					2,086	
Examination & Classification	22-100-034-5120-066	7/1/21-6/30/22	6,823								6,823	
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	6,510		6,510	(3,255)					3,255	
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	10,230								10,230	
Supplemental Instructor	23-100-034-5120-066	7/1/22-6/30/23	2,478		2,478	(1,652)					1,652	
Supplemental Instructor	22-100-034-5120-066	7/1/21-6/30/22	4,130								4,130	
Nonpublic Teacher STEM	N/A	N/A	684								684	
										\$	(49)	



HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022		Due to Grantor	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancelled	Balance June 30, 2023		Memo	
				Unearned Revenue/(Accounts Receivable)	GAAP Accounts Receivable						Due to Grantor	Budgetary Receivable		
<b>NJ Schools Development Authority:</b>														
<b>Special Revenue Fund:</b>														
School Development Authority -														
Emergent and Capital Maintenance Needs	N/A	7/1/22-6/30/23	\$ 177,562		\$ 177,562		\$ 177,562	\$ (177,562)				\$ 1,870	\$ 325	\$ 177,562
Climate Change Awareness Grant	23-100-034-5063-359	7/1/22-6/30/23	6,660		5,683			(5,358)						
Subtotal - Special Revenue Fund					\$ 15,853	\$ 233,759	\$ (223,682)	\$ (49)	\$ (15,804)		\$ 1,870	\$ 9,752	\$ 325	\$ 254,558
<b>Debt Service Fund:</b>														
Debt Service Aid II	23-495-034-5120-075	7/1/22-6/30/23	736,127		736,127			(736,127)						736,127
Subtotal - Debt Service Fund						736,127	(736,127)							736,127
<b>Enterprise Fund:</b>														
State Supplement for Summer Food Service Programs	23-495-010-3350-005	7/1/22-6/30/23	2,833		2,833			(2,833)						2,833
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	30,915		28,789			(30,915)				(2,126)	(2,126)	30,915
State School Breakfast Program	23-495-010-3350-002	7/1/22-6/30/23	807		743			(807)				(64)	(64)	807
COVID-19 Seamless Summer Option	N/A	7/1/22-6/30/23	842		842			(842)						842
COVID-19 Seamless Summer Option	N/A	7/1/21-6/30/22	72,480		5,060									72,480
Subtotal - Enterprise Fund					(5,060)	38,267	(35,397)				(2,190)	(2,190)	(2,190)	107,877
<b>Total State Awards Subject to Single Audit Determination</b>														
Total State Awards Subject to Single Audit Determination														
On-Behalf TPAF Pension System Contributions:														
Post Retirement Contributions	23-495-034-5094-001	7/1/21-6/30/22	5,656,178					5,656,178						
Pension Contributions	23-495-034-5094-002	7/1/21-6/30/22	21,236,505					21,236,505						
Non-Contributory Insurance	23-495-034-5094-004	7/1/21-6/30/22	294,632					294,632						
Long-Term Disability Insurance	23-495-034-5094-004	7/1/21-6/30/22	7,810					7,810						
Subtotal - On-Behalf TPAF Pension System Contributions								27,195,125						
<b>Total State Awards Subject to Single Audit Major Program Determination</b>														
Total State Awards Subject to Single Audit Major Program Determination														
N/A - Not Available/Applicable														

N/A - Not Available/Applicable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hillsborough Township Public Schools under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$141,171 for the general fund, and \$53,439 for the Special Revenue Fund of which (\$14,561) was related to local grants. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 43,773	\$ 29,336,506	\$ 29,380,279
Special Revenue Fund	3,214,709	184,683	3,399,392
Debt Service Fund		736,127	736,127
Food Service Fund	<u>1,250,919</u>	<u>35,397</u>	<u>1,286,316</u>
Total Financial Assistance	<u>\$ 4,509,401</u>	<u>\$ 30,292,713</u>	<u>\$ 34,802,114</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

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, 2023. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

<u>State:</u>	<u>Assistance Listing/ State Grant Numbers</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
General Fund State Aid:				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	\$ 15,810,143	\$ 15,810,143
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	4,582,769	4,582,769
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	194,605	194,605
Ida Infrastructure Repairs	23-495-034-5120-131	7/1/22-6/30/23	1,000,000	1,000,000
Reimbursed TPAF Social Security	23-495-034-5094-003	7/1/22-6/30/23	4,418,356	4,418,356
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	968,117	968,117
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic Regular	84.027	7/1/22-9/30/23	2,223,655	1,435,024
I.D.E.A. Part B, Preschool	84.027	7/1/22-9/30/23	62,017	61,979
COVID-19 - ARP:				
I.D.E.A. Part B, Basic Regular	84.027X	7/1/21-9/30/23	317,306	316,034
COVID-19 - ARP:				
I.D.E.A. Part B, Preschool	84.173X	7/1/21-9/30/23	27,075	25,593

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

Summary of Auditors' Results (Cont'd)

- The threshold for distinguishing between Type A and Type B federal programs was \$750,000. The threshold for distinguishing between Type A and Type B state programs was \$905,536.
- The District was not determined to be a “low-risk auditee” for federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

The District had no prior year audit findings.