

**SCHOOL DISTRICT  
OF THE  
BOROUGH OF HILLSDALE**

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

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

**Annual Comprehensive  
Financial Report**

**of the**

**Borough of Hillsdale School District**

**Hillsdale, New Jersey**

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

**Prepared by**

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

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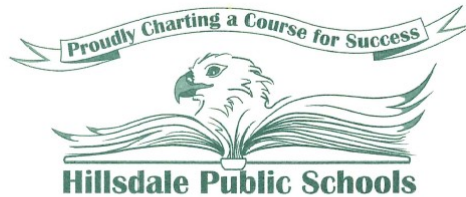


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**INTRODUCTORY SECTION  
(UNAUDITED)**



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SACHA POULIOT  
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32 RUCKMAN ROAD  
HILLSDALE, NJ 07642  
201-664-4512  
Fax 201-664-9049

October 25, 2023

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

Dear Board Members:

The annual comprehensive financial report of the Borough of Hillsdale School District (the "District") for the fiscal year ended June 30, 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 Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2022-2023 fiscal year with a daily enrollment of 1,088 students, which is a increase of 7 students from the previous year's enrollment.

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

The District's Enrollment for FY 2023 is 1122 and the District's future student enrollment is projected to continue to grow for FY 2024. A demographic study was conducted during the 2022 school year that projected a continued increase in the district's population over the next four years. This projection has held true as the district's enrollment has continued to increase. While there are many external factors that have contributed towards the increase in enrollment, Hillsdale has been an area of growth in Bergen County with its convenience for commuting workers and proximity to local amenities. Source data from the U.S. Census Bureau shows that the median household income for Bergen County at \$109,497 with a poverty rate at 7.5%. Within Hillsdale Borough the median household income at \$165,964 with a poverty rate at 3.8%.

The District's ability to operate is primarily reliant on its local tax levy and the receipt of State Aid. As a result and in-response-to the COVID-19 pandemic federal grants have been awarded to address many areas of need. While increases in budgeted spending have supported the district's federal grant initiatives, planning for the elimination of some of the supports currently in place will need to be addressed and resolved. The future of the District's tax levy impact is anticipated to continue to rise by the 2% cap threshold in an effort to curb economic conditions. The Governor's FY 2023 Budget highlights the Governor's commitment to fully fund NJ district's funding formula with an additional \$650 million in K-12 formula aid. While the district's enrollment has been increasing and the needs of the district are evolving, the district is not anticipating any significant changes towards its State Aid allocation and continues to forecast conservatively considering the current economic conditions. In addition to the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

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

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

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

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

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

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

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

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

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

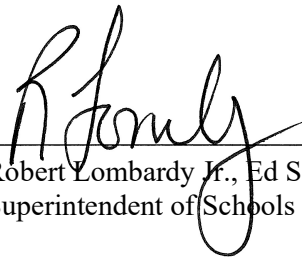
The Board is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in Note 16 to the Basic Financial Statements.

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

The Honorable President and Members of  
the Board of Education  
Borough of Hillsdale School District  
Page 4  
October 25, 2023

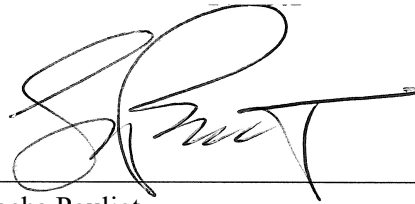
9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Hillsdale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



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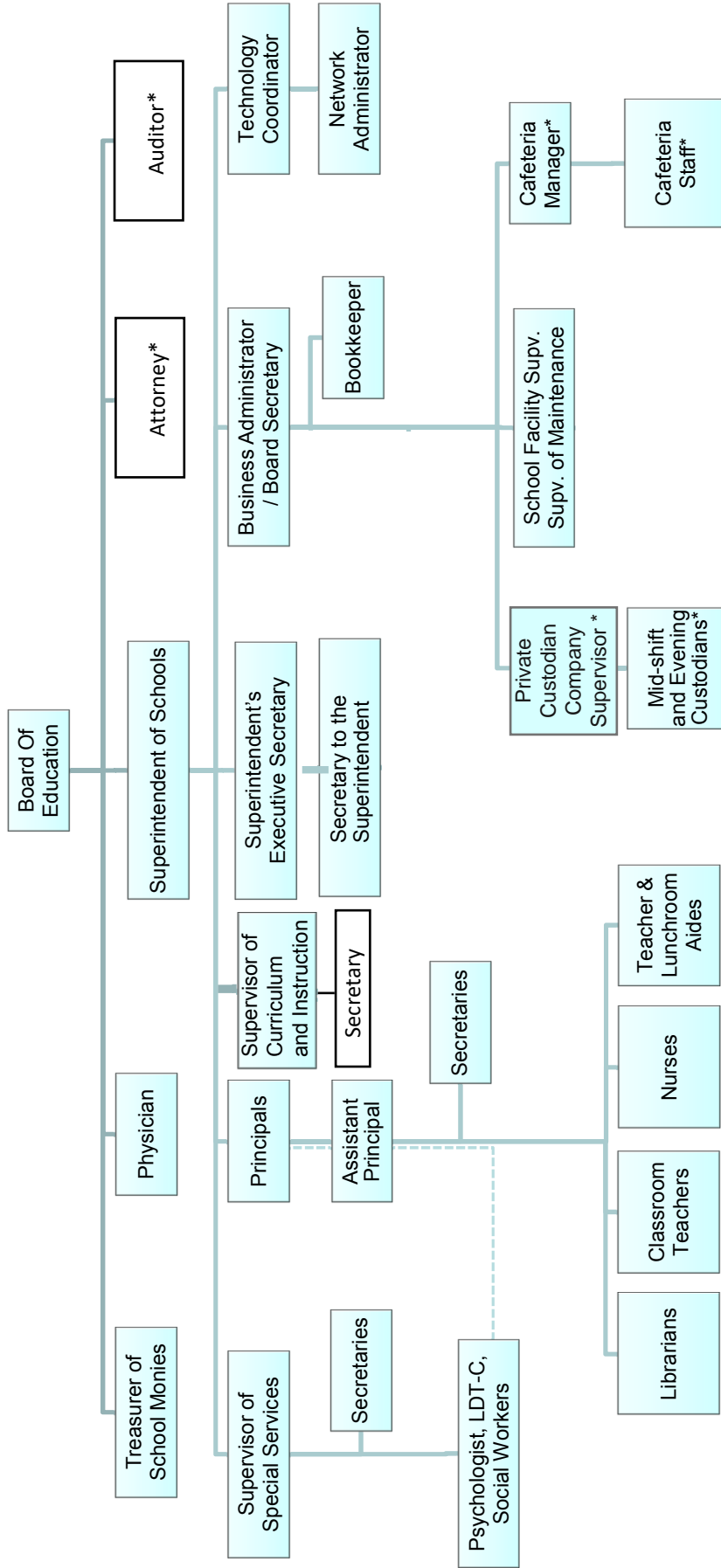
Robert Lombardy Jr., Ed S.  
Superintendent of Schools



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Sacha Pouliot  
Business Administrator/Board Secretary

# Organization Chart



\* Independent Contractor

**BOROUGH OF HILLSDALE SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nicole Klas , President	2023
Salvatore Sileo, Vice President	2025
Christina Jennings	2023
Justin Saxon	2024
Kevin Donnatello	2024

Other Officials

Title

Robert V. Lombardy Jr., Ed.S.	Superintendent of Schools
Sacha Pouliot	Board Secretary/School Business Administrator
Kelly Ippolito	Treasurer of School Monies



**BOROUGH OF HILLSDALE SCHOOL DISTRICT**  
**Consultants and Advisors**

**Attorney**

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

**Audit Firm**

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

And

Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

And

1140 Route 22 East, Suite 203  
Bridgewater, NJ 08807

**Official Depositories**

Capital One  
Paramus Office  
Paramus, NJ 07652

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



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

## **Hillsdale Board of Education**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

**John W. Hutchison**  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

**Siobhán McMahon, CAE**  
Chief Operations Officer/  
Interim Executive Director

**FINANCIAL SECTION**

## Independent Auditors' Report

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

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Hillsdale School District (the “District”), in the County of Bergen, as of and for the fiscal year ended June 30, 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.

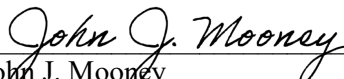
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 25, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
October 25, 2023

  
NISIVOCCIA LLP

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

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

**BOROUGH OF HILLSDALE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

**Overview of the Financial Statements**

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

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

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



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

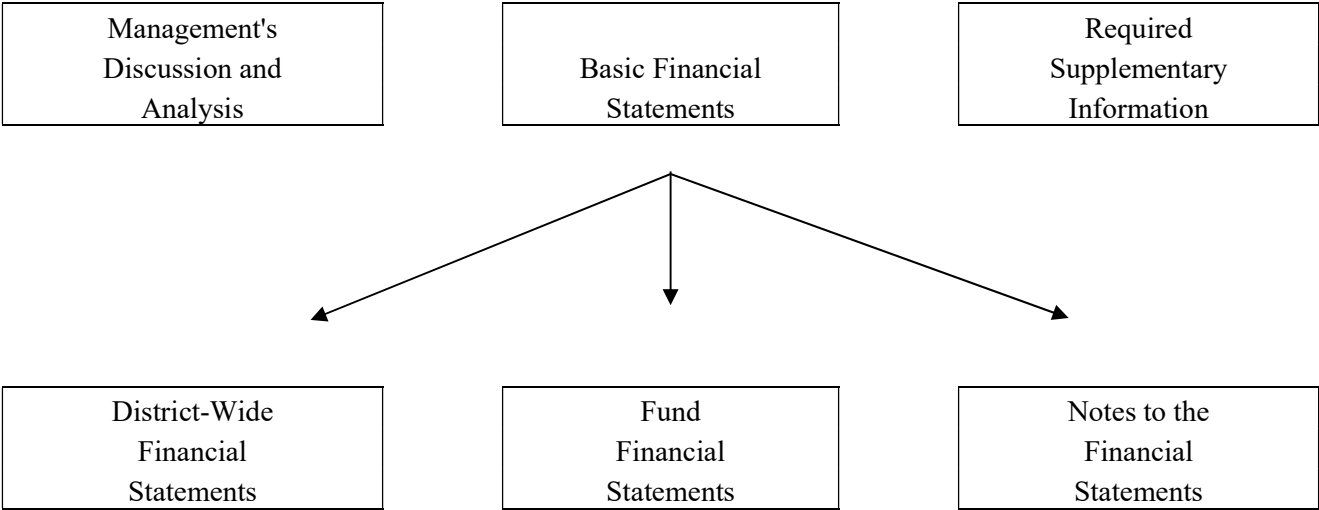


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

**Figure A-2**

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

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services
Required Financial Statements	<ul style="list-style-type: none"> <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 resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, 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 is included here.

## Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term 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. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

## Notes to the Basic Financial Statements

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

### Financial Analysis of the District as a Whole

*Net Position.* The 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**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Current and Other Assets	\$ 6,505,424	\$ 6,440,120	\$ 201,657	\$ 167,635	\$ 6,707,081	\$ 6,607,755	
Capital Assets, Net	13,726,354	13,452,748	25,114	29,424	13,751,468	13,482,172	
Total Assets	<u>20,231,778</u>	<u>19,892,868</u>	<u>226,771</u>	<u>197,059</u>	<u>20,458,549</u>	<u>20,089,927</u>	1.83%
Deferred Outflows of Resources	618,061	368,522			618,061	368,522	67.71%
Other Liabilities Long-Term Liabilities	676,462	345,808	48,048	24,971	724,510	370,779	
Total Liabilities	<u>4,510,479</u>	<u>4,249,347</u>	<u>48,048</u>	<u>24,971</u>	<u>4,510,479</u>	<u>4,249,347</u>	13.31%
Deferred Inflows of Resources	947,000	2,014,912			947,000	2,014,912	-53.00%
Net Position/(Deficit):							
Net Investment in Capital Assets	13,307,429	12,555,704	25,114	29,424	13,332,543	12,585,128	
Restricted	2,849,045	2,758,746			2,849,045	2,758,746	
Unrestricted	<u>(1,440,576)</u>	<u>(1,663,127)</u>	<u>153,609</u>	<u>142,664</u>	<u>(1,286,967)</u>	<u>(1,520,463)</u>	
Total Net Position	<u>\$ 14,715,898</u>	<u>\$ 13,651,323</u>	<u>\$ 178,723</u>	<u>\$ 172,088</u>	<u>\$ 14,894,621</u>	<u>\$ 13,823,411</u>	7.75%

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

*Changes in Net Position.* 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		Total Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Revenue:							
Program Revenue:							
Charges for Services	\$ 174,897	\$ 333,801	\$ 301,235	\$ 2,083	\$ 476,132	\$ 335,884	
Grants and Contributions:							
Operating	7,006,142	7,516,273	163,247	440,173	7,169,389	7,956,446	
General Revenue:							
Property Taxes	23,334,816	22,903,057			23,334,816	22,903,057	
Federal and State Aid Not Restricted	68,500	67,753			68,500	67,753	
Other	50,160	51,846	5,330	272	55,490	52,118	
Total Revenue	<u>30,634,515</u>	<u>30,872,730</u>	<u>469,812</u>	<u>442,528</u>	<u>31,104,327</u>	<u>31,315,258</u>	-0.67%
Expenses:							
Instruction	16,825,821	16,934,241			16,825,821	16,934,241	
Pupil and Instruction Services	6,130,292	5,926,877			6,130,292	5,926,877	
Administrative and Business	2,409,503	2,471,449			2,409,503	2,471,449	
Maintenance and Operations	2,691,477	2,411,508			2,691,477	2,411,508	
Transportation	976,442	578,578			976,442	578,578	
Other	536,405	533,541	463,177	392,123	999,582	925,664	
Total Expenses	<u>29,569,940</u>	<u>28,856,194</u>	<u>463,177</u>	<u>392,123</u>	<u>30,033,117</u>	<u>29,248,317</u>	2.68%
Increase/(Decrease) in Net Position	<u>\$ 1,064,575</u>	<u>\$ 2,016,536</u>	<u>\$ 6,635</u>	<u>\$ 50,405</u>	<u>\$ 1,071,210</u>	<u>\$ 2,066,941</u>	-48.17%

**Governmental Activities**

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

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

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

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

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

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

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

	Total Cost of Services		Net Cost of Services	
	2022/2023	2021/2022	2022/2023	2021/2022
Instruction	\$ 16,825,821	\$ 16,934,241	\$10,951,806	\$10,799,906
Pupil and Instruction Services	6,130,292	5,926,877	5,269,121	4,886,096
Administrative and Business	2,409,503	2,471,449	2,156,667	2,048,244
Maintenance and Operations	2,691,477	2,411,508	2,680,583	2,332,261
Transportation	976,442	578,578	794,353	389,832
Other	536,405	533,541	536,371	549,781
	<u>\$ 29,569,940</u>	<u>\$ 28,856,194</u>	<u>\$ 22,388,901</u>	<u>\$ 21,006,120</u>

***Business-Type Activities***

Net position from the District’s business-type activity increased \$6,635 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$6,635. This is primarily attributable to the District returning to normal meal reimbursements and due to an increase in food and supplies costs.

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

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

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

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

## General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2022/2023 budget was difficult as a result of rising costs. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of fund balance.

## Capital Assets and Long-term Liabilities

**Figure A-6**

### Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2022/23
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Land	\$ 4,748,166	\$ 4,748,166			\$ 4,748,166	\$ 4,748,166	
Land Improvements		1,200				1,200	
Buildings and Building Improvements	8,978,188	8,623,823			8,978,188	8,623,823	
Machinery and Equipment		79,559	\$ 25,114	\$ 29,424	25,114	108,983	
<b>Total Capital Assets, Net</b>	<b>\$ 13,726,354</b>	<b>\$ 13,452,748</b>	<b>\$ 25,114</b>	<b>\$ 29,424</b>	<b>\$ 13,751,468</b>	<b>\$ 13,482,172</b>	<b>2.00%</b>

The increase in capital assets is due to the acquisition of equipment as well as building and building improvements, offset by depreciation. More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements.

### Long-term Liabilities

At year-end, the District had \$365,000 in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

**Figure A-7**

### Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change 2022/23
	2022/23	2021/22	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 365,000	\$ 790,000	
Obligations Under Financed Purchases	53,925	107,044	
Net Pension Liabilities	2,829,759	2,071,283	
Other Long-Term Liabilities	1,261,795	1,281,020	
	<b>\$ 4,510,479</b>	<b>\$ 4,249,347</b>	<b>6.15%</b>

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

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

- The District is investigating renovation at George White Middle School in response to its March 13, 2023 referendum defeat. The options vary in cost from \$61M-\$71M in costs.
- The District continues to deal with increasing costs and increasing state mandates.
- Employment shortages in the transportation, food service, and custodial services have led to significant cost increases absorbed by the district.
- Supply shortages and delayed supply-chain issues continue to be an issue resulting in an excess demand for goods and services.
- Mandated programs and/or initiatives that are not fully funded.
- Rising special education costs and services.
- Projected increases anticipated in student enrollment.
- Recent ratification of employment contracts.

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

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



**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,754,296	\$ 154,924	\$ 3,909,220
Internal Balances	(36,988)	36,988	
Receivables From State Government	475,740	293	476,033
Receivables From Federal Government	713,331	4,763	718,094
Inventory		4,689	4,689
Restricted Cash and Cash Equivalents	1,599,045		1,599,045
Capital Assets, Net:			
Sites (Land)	4,748,166		4,748,166
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	8,978,188	25,114	9,003,302
Total Assets	<u>20,231,778</u>	<u>226,771</u>	<u>20,458,549</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	439,364		439,364
District Contribution Subsequent to Measurement Date - Pensions	178,697		178,697
Total Deferred Outflows of Resources	<u>618,061</u>		<u>618,061</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	182,499		182,499
Prepaid Taxes	224,859		224,859
Accrued Interest Payable	6,692		6,692
Payable to Federal Government	3,528		3,528
Payable to State Government	176,214		176,214
Unearned Revenue	82,670	48,048	130,718
Noncurrent Liabilities:			
Due Within One Year	418,925		418,925
Due Beyond One Year	4,091,554		4,091,554
Total Liabilities	<u>5,186,941</u>	<u>48,048</u>	<u>5,234,989</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	947,000		947,000
Total Deferred Inflows of Resources	<u>947,000</u>		<u>947,000</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,307,429	25,114	13,332,543
Restricted for:			
Capital Projects	1,099,611		1,099,611
Maintenance Reserve	346,274		346,274
Excess Surplus	1,250,000		1,250,000
Unemployment Compensation	129,986		129,986
Student Activities	23,174		23,174
Unrestricted (Deficit)	(1,440,576)	153,609	(1,286,967)
Total Net Position	<u>\$ 14,715,898</u>	<u>\$ 178,723</u>	<u>\$ 14,894,621</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 12,131,879	\$ 33,416	\$ 3,465,425	\$ (8,633,038)	\$	\$	\$ (8,633,038)
Special Education	3,942,271		2,229,028	(1,713,243)			(1,713,243)
Other Special Instruction	519,498		8,682	(510,816)			(510,816)
Other Instruction	232,173		137,464	(94,709)			(94,709)
Support Services:							
Tuition	1,346,223		281,115	(1,065,108)			(1,065,108)
Student & Instruction Related Services	4,784,069	92,515	487,541	(4,204,013)			(4,204,013)
General Administrative Services	694,687		9,542	(685,145)			(685,145)
School Administrative Services	1,206,344		235,125	(971,219)			(971,219)
Central Services	367,972		6,401	(361,571)			(361,571)
Administration Information Technology	140,500		1,768	(138,732)			(138,732)
Plant Operations and Maintenance	2,691,477		10,894	(2,680,583)			(2,680,583)
Pupil Transportation	976,442	48,966	133,123	(794,353)			(794,353)
Capital Schools	1,361		34	(1,327)			(1,327)
Capital Outlay	21,633			(21,633)			(21,633)
Interest on Long-Term Debt	15,309			(15,309)			(15,309)
Unallocated Depreciation	498,102			(498,102)			(498,102)
Total Governmental Activities	29,569,940	174,897	7,006,142	(22,388,901)			(22,388,901)

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 463,177	\$ 301,235	\$ 163,247		\$ 1,305	\$ 1,305
Total Business-Type Activities	463,177	301,235	163,247		1,305	1,305
Total Primary Government	\$ 30,033,117	\$ 476,132	\$ 7,169,389	\$ (22,388,901)	1,305	(22,387,596)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				22,886,716		22,886,716
Taxes Levied for Debt Service				448,100		448,100
Federal and State Aid not Restricted				68,500		68,500
Interest and Miscellaneous Income				50,160	5,330	55,490
Total General Revenues				23,453,476	5,330	23,458,806
Change in Net Position				1,064,575	6,635	1,071,210
Net Position - Beginning				13,651,323	172,088	13,823,411
Net Position - Ending				\$ 14,715,898	\$ 178,723	\$ 14,894,621

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

**FUND FINANCIAL STATEMENTS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,529,437		\$ 224,859	\$ 3,754,296
Interfund Receivables	450,919			450,919
Receivables From State Government	475,740			475,740
Receivables From Federal Government		\$ 713,331		713,331
Restricted Cash and Cash Equivalents	1,575,871	23,174		1,599,045
<b>Total Assets</b>	<b>\$ 6,031,967</b>	<b>\$ 736,505</b>	<b>\$ 224,859</b>	<b>\$ 6,993,331</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
<b>Interest Payable</b>				
Interfund Payable	\$ 36,988	\$ 450,919		\$ 487,907
Accounts Payable - Vendors	3,802			3,802
Payable to Federal Government		3,528		3,528
Payable to State Government		176,214		176,214
Prepaid Taxes			\$ 224,859	224,859
Unearned Revenue		82,670		82,670
<b>Total Liabilities</b>	<b>40,790</b>	<b>713,331</b>	<b>224,859</b>	<b>978,980</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve Account	1,099,611			1,099,611
Maintenance Reserve Account	346,274			346,274
Excess Surplus 2024-2025	500,000			500,000
Excess Surplus 2023-2024	750,000			750,000
Unemployment Compensation	129,986			129,986
Student Activities		23,174		23,174
<b>Assigned:</b>				
Encumbrances	741,542			741,542
Subsequent Year's Expenditures	1,596,497			1,596,497
Unassigned	827,267			827,267
<b>Total Fund Balances</b>	<b>5,991,177</b>	<b>23,174</b>		<b>6,014,351</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,031,967</b>	<b>\$ 736,505</b>	<b>\$ 224,859</b>	<b>\$ 6,993,331</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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	\$ 6,014,351
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	13,726,354
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(6,692)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,829,759)
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	618,061
Deferred Inflows	(947,000)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(178,697)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(1,680,720)</u>
Net Position of Governmental Activities	<u>\$ 14,715,898</u>

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



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 22,886,716			\$ 448,100	\$ 23,334,816
Tuition	33,416				33,416
Transportation Fees	48,966				48,966
Interest on Maintenance Reserve	5,922				5,922
Interest on Capital Reserve	32,409				32,409
Restricted Miscellaneous Revenue	8,284	\$ 92,515			100,799
Unrestricted Miscellaneous Revenue	3,335		\$ 210		3,545
Total - Local Sources	23,019,048	92,515	210	448,100	23,559,873
State Sources	7,753,185	219,511			7,972,696
Federal Sources		1,363,989			1,363,989
Total Revenues	30,772,233	1,676,015	210	448,100	32,896,558
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	7,860,294	642,468			8,502,762
Special Education Instruction	2,657,229	44,274			2,701,503
Other Special Instruction	349,039				349,039
Other Instruction	158,673				158,673
Support Services and Undistributed Costs:					
Tuition	1,065,108	281,115			1,346,223
Student & Instruction Related Services	3,748,724	100,784			3,849,508
General Administrative Services	623,668				623,668
School Administrative Services	811,971				811,971
Central Services	271,212				271,212
Administration Information Technology	126,708				126,708
Plant Operations and Maintenance	2,555,272				2,555,272
Pupil Transportation	962,320				962,320
Unallocated Benefits	9,530,568				9,530,568

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal				\$ 425,000	\$ 425,000
Interest and Other Charges	\$ 1,109			23,100	23,100
Special Schools	315,420	\$ 615,643			1,109
Capital Outlay	31,037,315	1,684,284		448,100	931,063
Total Expenditures	<u>(265,082)</u>	<u>(8,269)</u>	<u>210</u>		<u>(273,141)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
<b>OTHER FINANCING SOURCES/(USES)</b>					
Transfers In	210		(210)		210
Transfers Out					(210)
Total Other Financing Sources/(Uses)	<u>210</u>		<u>(210)</u>		
Net Change in Fund Balances	<u>(264,872)</u>	<u>(8,269)</u>			<u>(273,141)</u>
Fund Balance—July 1	6,256,049	31,443			6,287,492
Fund Balance—June 30	<u>\$ 5,991,177</u>	<u>\$ 23,174</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,014,351</u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (273,141)

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

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

Depreciation expense	\$ (635,824)
Capital outlays	909,430
	273,606

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

Changes in Net Pension Liability	(758,476)
Change in Deferred Outflows	249,539
Change in Deferred Inflows	1,067,912
	558,975

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

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

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

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

Change in Net Position of Governmental Activities \$ 1,064,575

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 154,924
Accounts Receivable:	
Federal	4,763
State	293
Interfund Receivable - General Fund	36,988
Inventories	4,689
	<hr/>
Total Current Assets	201,657

## Non- Current Assets:

## Capital Assets:

Capital Assets	125,975
Less: Accumulated Depreciation	(100,861)
	<hr/>

Total Non- Current Assets	25,114
	<hr/>

Total Assets	226,771
	<hr/>

## LIABILITIES:

## Current Liabilities:

Unearned Revenue - Donated Commodities	3,635
Unearned Revenue - Prepaid Sales	14,084
Unearned Revenue - Supply Chain Assistance	30,329
	<hr/>

Total Current Liabilities	48,048
	<hr/>

Total Liabilities	48,048
	<hr/>

## NET POSITION:

Investment in Capital Assets	25,114
Unrestricted	153,609
	<hr/>

Total Net Position	\$ 178,723
	<hr/> <hr/>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Reimbursable Programs	\$ 277,355
Non Reimbursable Programs	23,880
	<hr/>
Total Operating Revenue	301,235
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	175,022
Cost of Sales - Non Reimbursable Programs	15,070
Salaries, Benefits and Payroll Taxes	250,634
Purchased Property Services	14,081
Supplies and Materials	4,060
Depreciation Expense	4,310
	<hr/>
Total Operating Expenses	463,177
	<hr/>
Operating (Loss)	(161,942)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	95,430
Local Food for Schools	3,660
Food Distribution Program	26,435
Supply Chain Assistance	32,183
State Sources:	
State School Lunch Program	5,539
Local Sources:	
Interest Revenue	5,330
	<hr/>
Total Non-Operating Revenue	168,577
	<hr/>
Change in Net Position	6,635
	<hr/>
Net Position - Beginning of Year	172,088
	<hr/>
Net Position - End of Year	\$ 178,723
	<hr/> <hr/>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 298,175
Payments to Food Service Vendor	(428,423)
Payments to Suppliers	(8,831)
	<hr/>
Net Cash (Used for) Operating Activities	(139,079)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	5,330
	<hr/>
Net Cash Provided by Investing Activities	5,330
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	110,140
Local Food for Schools	3,660
Supply Chain Assistance	62,512
State Sources	
State School Lunch Program	5,695
Interfund Advanced	(36,988)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	145,019
	<hr/>
Net Increase in Cash and Cash Equivalents	11,270
Cash and Cash Equivalents, July 1	143,654
	<hr/>
Cash and Cash Equivalents, June 30	\$ 154,924
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (161,942)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	26,435
Changes in Assets and Liabilities:	
(Increase) in Inventories	(630)
(Decrease) in Accounts Payable	(4,369)
Increase in Unearned Revenue - Donated Commodities	177
(Decrease) in Unearned Revenue- Prepaid Sales	(3,060)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (139,079)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$26,612 and utilized commodities valued at \$26,435 for the fiscal year ended June 30, 2023.

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

A. Reporting Entity:

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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



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

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

C. Measurement Focus and Basis of Accounting

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 30,767,641	\$ 1,625,751
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis:		
Prior Year Encumbrances		83,006
Currenet Year Encumbrances		(32,742)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	108,027	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(103,435)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 30,772,233	\$ 1,676,015
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,037,315	\$ 1,634,020
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.		
Prior Year Encumbrances		83,006
Currenet Year Encumbrances		(32,742)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 31,037,315	\$ 1,684,284

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

Q. Lease Payable

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

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 \$5,991,177 General Fund fund balance at June 30, 2023, \$741,542 is assigned for encumbrances; \$1,099,611 is restricted in the capital reserve account; \$346,274 is restricted in the maintenance reserve account; \$129,986 is restricted for unemployment compensation; \$750,000 is prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2024; \$500,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2025; \$1,596,497 is assigned for subsequent year's expenditures and is included as anticipated revenue for the fiscal year ended June 30, 2024; and \$827,267 is unassigned which is \$103,435 less than calculated unassigned fund balance on a budgetary basis, due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2021 is \$23,174 and is restricted for student activities.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus of \$1,250,000 at June 30, 2023.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$103,435 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record those payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the two final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 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 and for amounts for subsequent year's expenditures in the General Fund at June 30, 2023.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

V. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,440,576 in its governmental activities, which is primarily due to compensated absences payable, accrued interest payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

W. Net Position:

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

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

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

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

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

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

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, interest and tuition.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

Y. Operating Revenue and Expenses:

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

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.

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

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

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

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

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

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed in the section of this note on investments.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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)

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

Deposits:

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

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

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

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

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

Investments

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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)

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

	Unrestricted	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Unemployment Insurance	Student Activities	
Checking Accounts	\$ 3,898,634	\$ 1,099,611	\$ 346,274	\$ 129,986	\$ 18,000	\$ 5,492,505
State of New Jersey Cash Management Fund	10,586				5,174	15,760
	\$ 3,909,220	\$ 1,099,611	\$ 346,274	\$ 129,986	\$ 23,174	\$ 5,508,265

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023 was \$5,508,265 and the bank balance was \$7,424,187. The \$15,760 in the State of New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the fiscal year ending June 30, 2023 is as follows:

Beginning Balance, July 1, 2022	\$ 1,265,249
Add:	
Increase per Board Resolution - June 2023	\$ 167,379
Return of Unexpended Funds	55,317
Interest Earnings	32,409
	255,105
	1,520,354
Less:	
Budgeted Withdrawal	420,743
Ending Balance, June 30, 2023	\$ 1,099,611

The June 30, 2023 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District made no transfers to the capital outlay accounts.

NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,748,166			\$ 4,748,166
Total Capital Assets Not Being Depreciated	<u>4,748,166</u>			<u>4,748,166</u>
Capital Assets Being Depreciated:				
Land Improvements	27,482			27,482
Buildings and Building Improvements	21,092,623	\$ 909,430		22,002,053
Machinery and Equipment	4,069,180			4,069,180
Total Capital Assets Being Depreciated	<u>25,189,285</u>	<u>909,430</u>		<u>26,098,715</u>
Governmental Activities Capital Assets	<u>29,937,451</u>	<u>909,430</u>		<u>30,846,881</u>
Less Accumulated Depreciation for:				
Land Improvements	(26,282)	(1,200)		(27,482)
Buildings and Building Improvements	(12,468,800)	(555,065)		(13,023,865)
Machinery and Equipment	<u>(3,989,621)</u>	<u>(79,559)</u>		<u>(4,069,180)</u>
	<u>(16,484,703)</u>	<u>(635,824)</u>		<u>(17,120,527)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,452,748</u>	<u>\$ 273,606</u>	<u>\$ -0-</u>	<u>\$ 13,726,354</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 125,975			\$ 125,975
Less Accumulated Depreciation	<u>(96,551)</u>	<u>\$ (4,310)</u>		<u>(100,861)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 29,424</u>	<u>\$ (4,310)</u>	<u>\$ - 0 -</u>	<u>\$ 25,114</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,143
Central Services	48,401
Plant Operations and Maintenance	54,056
Pupil Transportation	14,122
Unallocated	<u>498,102</u>
	<u>\$ 635,824</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2022	Added	Retired	Balance 6/30/2023
Serial Bonds Payable	\$ 790,000		\$ 425,000	\$ 365,000
Compensated Absences Payable	1,281,020	\$ 4,296	23,521	1,261,795
Net Pension Liability	2,071,283	758,476		2,829,759
Financed Purchases Payable	107,044		53,119	53,925
	\$ 4,249,347	\$ 762,772	\$ 501,640	\$ 4,510,479

A. Bonds Payable:

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

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

Purpose	Final Maturity	Interest Rate	Amount
Refunding Bonds of 2012	07/15/2023	4.00%	\$ 365,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 365,000	\$ 7,300	\$ 372,300
	\$ 365,000	\$ 7,300	\$ 372,300

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the District had no bonds authorized but not issued.

C. Financed Purchases Payable:

The District has a financed purchase agreement for bi-polar ionization devices valued at \$160,000, of which \$106,075 has matured and been repaid. The finance purchase is for a term of three years and will be retired through the General Fund.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

C. Financed Purchases Payable: (Cont'd)

The following is a schedule of the future minimum finance purchase payments under the finance purchase agreements, and the present value of the net minimum finance purchase payments at June 30, 2023.

<u>Year</u>	<u>Amount</u>
2024	<u>\$ 54,743</u>
Total Minimum Financed Purchases Payments	54,743
Less: Amount Representing Interest	<u>(818)</u>
Present Value of Net Minimum Financed Purchases Payments	<u>\$ 53,925</u>

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term portion of compensated absences is \$1,261,795. The current portion of this liability is \$-0-.

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.

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

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$2,829,759. See Note 9 for further information on the PERS.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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

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

Beginning Balance, July 1, 2022		\$ 340,352
Add:		
Return of Unexpended Funds	\$ 300,000	
Interest Earnings	5,922	
		305,922
		646,274
Less:		
Withdrawal by Resolution		300,000
Ending Balance, June 30, 2023		\$ 346,274

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (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 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 \$236,283 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey Contributed \$5,954 to the PERS for normal pension benefits on behalf of the District.

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

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, 2023, 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, 2023, 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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2023, the District's liability was \$2,829,759 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 0.01875%, which was an increase of 0.00127% 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 \$322,520 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 \$5,954 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. 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		\$ 68,022
	2019	5.21		85,005
	2020	5.16		249,959
	2021	5.13		20,741
	2022	5.04	\$ 8,767	
			8,767	423,727
Changes in Proportion	2018	5.63	125	
	2019	5.21		78,668
	2020	5.16	99,829	
	2021	5.13		426,594
	2022	5.04	193,098	
			293,052	505,262
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	2,799	
	2020	5.00	84,120	
	2021	5.00	(524,685)	
	2022	5.00	554,887	
			117,121	-0-
Difference Between Expected and Actual Experience	2018	5.48		2,591
	2019	5.63	6,498	
	2020	5.21	13,926	
	2021	5.16		6,972
	2022	5.13		8,448
			20,424	18,011
District Contribution Subsequent to the Measurement Date	2022	1.00	178,697	
			\$ 618,061	\$ 947,000

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (242,734)
2024	(123,665)
2025	(60,309)
2026	131,570
2027	(289)
	<u>\$ (295,426)</u>

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 – 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 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 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%

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 in determining the net pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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	\$ 3,635,411	\$ 2,829,759	\$ 2,144,116

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

Contributions

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$4,087,227 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,381,059.

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

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$51,316,071. 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 0.09946%, which was an decrease of 0.0014% from its proportion measured as of June 30, 2021.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		51,316,071
Total	\$	51,316,071

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,381,059 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	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	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
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
			<u>699,820,974</u>	<u>122,664,916</u>
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	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
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.

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teacher's 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	\$ 60,169,183	\$ 51,316,071	\$ 43,858,436

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 \$27,551 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$36,626 for the fiscal year ended June 30, 2023.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

The June 30, 2023 audit was not available as of the date of this report; however, selected, summarized financial information for the Group as of June 30, 2022 is as follows:

Total Assets	\$ 30,411,159
Net Position	\$ 17,613,833
Total Revenue	\$ 16,723,735
Total Expenses	\$ 18,301,852
Change in Net Position	\$ (1,578,117)
Member Dividends	\$ 2,231,474

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 106	\$ 26,929	\$ 18,751	\$ 129,986
2021-2022	-0-	206	22,443	-0-	121,702
2020-2021	-0-	237	21,280	9,034	99,053

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable	MetLife
Lincoln Investment Planning, Inc.	

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 450,919	\$ 36,988
Special Revenue Fund		450,919
Food Service Fund	<u>36,988</u>	
	<u>\$ 487,907</u>	<u>\$ 487,907</u>

The \$450,919 of interfund receivable in the General Fund represents the negative cash balance in the Special Revenue Fund as a result of the grant receivables. The \$36,988 of interfund receivable in the Food Service Fund is the Supply Chain Assistance grant due from the General Fund.

NOTE 14. TAX CALENDAR

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Programs

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue Fund	Total
\$ 741,542	\$ 32,742	\$ 774,284

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 \$32,742 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

	General Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities
Payroll Deductions and Withholdings	\$ 3,802	\$ 3,802		\$ 3,802
Due to State of New Jersey			\$ 178,697	178,697
	\$ 3,802	\$ 3,802	\$ 178,697	\$ 182,499

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 17. 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, 2021, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

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.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 17. 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
Salary Increases:	2.75 - 4.25% based on years of service	2.75 - 6.55% 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 17. 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	\$ 51,301,389
Changes for Year:	
Service Cost	2,376,343
Interest on the Total OPEB Liability	1,159,939
Changes of Assumptions	(11,741,547)
Differences between Expected and Actual Experience	1,785,419
Gross Benefit Payments by the State	(1,148,954)
Contributions from Members	36,859
Net Changes	(7,531,941)
Balance at June 30, 2022	\$ 43,769,448

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% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 51,446,382	\$ 43,769,448	\$ 37,616,769

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:

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

NOTE 17. 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	\$ 36,178,124	\$ 43,769,448	\$ 53,741,113

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

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$1,532,726 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		\$ 2,272,557
	2018	9.51		2,168,666
	2019	9.29	\$ 306,182	
	2020	9.24	7,229,112	
	2021	9.24	40,089	
	2022	9.13		10,455,507
				7,575,383
Differences between Expected and Actual Experience	2018	9.51		2,050,064
	2019	9.29		3,603,788
	2020	9.24	6,737,816	
	2021	9.24		7,709,466
	2022	9.13	1,076,767	
				7,814,583
Changes in Proportion	N/A	N/A	1,686,890	633,001
			\$ 17,076,856	\$ 28,893,049

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2023	\$ (2,175,361)
2024	(2,175,361)
2025	(2,175,361)
2026	(1,880,057)
2027	(1,075,042)
Thereafter	(3,388,900)
	\$ (12,870,081)

NOTE 18. TAX ABATEMENT

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

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

The Borough of Hillsdale recognized revenue in the amount of \$45,114 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatements would have been \$307,631 of which \$139,301 would have been for the local school tax.

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.0239039844%	0.0227512812%	0.0216707671%	0.0211212690%	0.0211262600%
District's proportionate share of the net pension liability	\$ 4,475,480	\$ 5,107,207	\$ 6,418,260	\$ 4,916,694	\$ 4,159,655
District's covered employee payroll	1,548,981	1,470,730	1,459,526	1,416,700	1,327,147
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	288.93%	347.26%	439.75%	347.05%	313.43%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0196309173%	0.0206901678%	0.0174843449%	0.0187508323%	
District's proportionate share of the net pension liability	\$ 3,537,193	\$ 3,374,025	\$ 2,071,283	\$ 2,829,759	
District's covered employee payroll	1,415,038	1,286,292	1,340,959	1,302,011	
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	249.97%	262.31%	154.46%	217.34%	
Plan fiduciary net position as a percentage of the total pension liability	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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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
Contractually required contribution	\$ 197,061	\$ 195,600	\$ 192,520	\$ 195,666	\$ 210,517
Contributions in relation to the contractually required contribution	(197,061)	(195,600)	(192,520)	(195,666)	(210,517)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,470,730	\$ 1,459,526	\$ 1,416,700	\$ 1,327,147	\$ 1,415,038
Contributions as a percentage of covered employee payroll	13.40%	13.40%	13.59%	14.74%	14.88%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
Contractually required contribution	\$ 191,387	\$ 226,299	\$ 204,762	\$ 236,283	
Contributions in relation to the contractually required contribution	(191,387)	(226,299)	(204,762)	(236,283)	
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	
District's covered employee payroll	\$ 1,286,292	\$ 1,340,959	\$ 1,302,011	\$ 1,424,032	
Contributions as a percentage of covered employee payroll	14.88%	16.88%	15.73%	16.59%	

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0923353276%	0.0955417453%	0.0938492496%
State's proportionate share of the net pension liability attributable to the District	\$ 49,350,227	\$ 60,386,505	\$ 73,827,795
District's covered employee payroll	9,479,403	9,120,841	10,006,102
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	520.60%	662.07%	737.83%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
			25.41%
			26.49%
			612.24%
			598.04%
			62,286,763
			\$ 62,530,896
			10,173,543
			10,455,949
			0.09233812404%
			0.0982914300%
			0.0994605128%
			\$ 51,316,071
			11,902,849
			431.12%
			32.29%
			35.52%
			24.60%
			26.95%
			578.77%
			424.17%
			\$ 48,930,551
			11,535,618
			\$ 59,089,655
			65,396,362
			\$ 48,930,551
			\$ 51,316,071
			11,902,849
			11,075,519
			11,299,281
			\$ 59,089,655
			65,396,362
			\$ 48,930,551
			\$ 51,316,071
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			\$ 51,316,071
			11,902,849
			11,535,618



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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
Contractually required contribution	\$ 2,655,506	\$ 3,687,140	\$ 5,547,132	\$ 4,314,912	\$ 3,645,333
Contributions in relation to the contractually required contribution	(516,534)	(751,394)	(1,002,774)	(1,447,486)	(1,893,650)
Contribution deficiency/(excess)	<u>\$ 2,138,972</u>	<u>\$ 2,935,746</u>	<u>\$ 4,544,358</u>	<u>\$ 2,867,426</u>	<u>\$ 1,751,683</u>
District's covered employee payroll	\$ 9,120,841	\$ 10,006,102	\$ 10,173,543	\$ 10,455,949	\$ 11,075,519
Contributions as a percentage of covered employee payroll	5.66%	7.51%	9.86%	13.84%	17.10%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	
Contractually required contribution	\$ 3,485,266	\$ 4,066,624	\$ 1,151,357	\$ 1,381,059	
Contributions in relation to the contractually required contribution	(2,178,312)	(2,958,599)	(4,094,447)	(4,087,227)	
Contribution deficiency/(excess)	<u>\$ 1,306,954</u>	<u>\$ 1,108,025</u>	<u>\$ (2,943,090)</u>	<u>\$ (2,706,168)</u>	
District's covered employee payroll	\$ 11,299,281	\$ 11,535,618	\$ 11,902,849	\$ 12,126,337	
Contributions as a percentage of covered employee payroll	19.28%	25.65%	34.40%	33.71%	

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

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

	Fiscal Year Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 2,063,932	\$ 1,717,083	\$ 1,490,524	\$ 1,556,839	\$ 2,828,862	\$ 2,376,343
Interest Cost	1,425,552	1,654,621	1,553,593	1,268,999	1,330,812	1,159,939
Changes of Benefit Terms	(5,936,854)	(4,495,312)	524,689	10,694,125	(54,604)	(11,741,547)
Changes in Assumptions		(3,694,553)	(6,503,536)	10,822,988	(10,384,817)	1,785,419
Differences between Expected and Actual Experience	38,382	36,202	32,021	30,892	34,022	36,859
Member Contributions	(1,042,355)	(1,047,475)	(1,080,234)	(1,019,217)	(1,048,307)	(1,148,954)
Gross Benefit Payments						
Net Change in Total OPEB Liability	(3,451,343)	(5,829,434)	(3,982,943)	23,354,626	(7,243,419)	(7,531,941)
Total OPEB Liability - Beginning	48,453,902	45,002,559	39,173,125	35,190,182	58,544,808	51,301,389
Total OPEB Liability - Ending	<u>\$ 45,002,559</u>	<u>\$ 39,173,125</u>	<u>\$ 35,190,182</u>	<u>\$ 58,544,808</u>	<u>\$ 51,301,389</u>	<u>\$ 43,769,448</u>
State's Covered Employee Payroll *	\$ 11,783,096	\$ 12,490,557	\$ 12,585,572	\$ 12,876,577	\$ 13,204,860	\$ 13,550,369
Total OPEB Liability as a Percentage of Covered Employee Payroll	382%	314%	280%	455%	389%	323%

\* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 2022 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and June 30, 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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 for 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.

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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 mortality rates in the valuation as of June 30, 2022 were based on the following:

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

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

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

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**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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	\$ 22,886,716		\$ 22,886,716	\$ 22,886,716	
Tuition From Individuals	36,000		36,000	33,416	\$ (2,584)
Transportation Fees From Individuals	50,000		50,000	48,966	(1,034)
Unrestricted Miscellaneous Revenues	40,000		40,000	3,335	(36,665)
Interest Earned on Maintenance Reserve	50		50	5,922	5,872
Interest Earned on Capital Reserve Funds	50		50	32,409	32,359
Other Restricted Miscellaneous Revenues				8,284	8,284
<b>Total Revenues from Local Sources</b>	<b>23,012,816</b>		<b>23,012,816</b>	<b>23,019,048</b>	<b>6,232</b>
Revenues from State Sources:					
Categorical Transportation Aid	126,575		126,575	126,575	
Extraordinary Aid				427,166	427,166
Categorical Special Education Aid	1,012,087		1,012,087	1,012,087	
Equalization Aid	11,741		11,741	11,741	
Categorical Security Aid	55,927		55,927	55,927	
Non Public Transportation Aid				4,992	4,992
TPAF Post Retirement Contributions (Non-Budgeted)				1,088,601	1,088,601
TPAF Pension Contributions (Non-Budgeted)				4,087,227	4,087,227
TPAF Non-Contributory Insurance (Non-Budgeted)				56,706	56,706
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,297	1,297
Reimbursed TPAF Social Security Contributions				876,274	876,274
<b>Total Revenues from State Sources</b>	<b>1,206,330</b>		<b>1,206,330</b>	<b>7,748,593</b>	<b>6,542,263</b>
<b>TOTAL REVENUE</b>	<b>24,219,146</b>		<b>24,219,146</b>	<b>30,767,641</b>	<b>6,548,495</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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	\$ 498,404	\$	\$ 498,404	\$ 476,155	\$ 22,249
Grades 1-5 - Salaries of Teachers	3,681,938	110,000	3,791,938	3,748,559	43,379
Grades 6-8 - Salaries of Teachers	3,111,199	(227,000)	2,884,199	2,828,576	55,623
Regular Programs - Home Instruction:					
Salaries of Teachers	8,247	11,000	19,247	17,379	1,868
Purchased Professional-Educational Services	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	432,253	108,000	540,253	473,335	66,918
Purchased Professional-Educational Services	5,600	(1,751)	3,849	3,746	103
Other Purchased Services (400-500 series)	15,000	262	15,262	12,711	2,551
General Supplies	181,512	41,483	222,995	210,597	12,398
Textbooks	76,179	(1,842)	74,337	73,771	566
Other Objects	17,200	1,568	18,768	15,465	3,303
<b>Total Regular Programs - Instruction</b>	<b>8,029,532</b>	<b>41,720</b>	<b>8,071,252</b>	<b>7,860,294</b>	<b>210,958</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	242,971	(11,265)	231,706	207,285	24,421
Other Salaries for Instruction	192,618	(50,228)	142,390	111,695	30,695
General Supplies	3,500	(640)	2,860	1,940	920
<b>Total Learning and/or Language Disabilities</b>	<b>439,089</b>	<b>(62,133)</b>	<b>376,956</b>	<b>320,920</b>	<b>56,036</b>
Resource Room/Resource Center:					
Salaries of Teachers	1,994,720	72,133	2,066,853	2,062,688	4,165
General Supplies	1,807		1,807	1,112	695
<b>Total Resource Room/Resource Center</b>	<b>1,996,527</b>	<b>72,133</b>	<b>2,068,660</b>	<b>2,063,800</b>	<b>4,860</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 188,311	\$ (7,280)	\$ 181,031	\$ 162,825	\$ 18,206
Other Salaries for Instruction	151,159	(42,800)	108,359	107,590	769
General Supplies	4,500	(1,110)	3,390	2,094	1,296
Total Preschool Disabilities - Part-Time	343,970	(51,190)	292,780	272,509	20,271
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,779,586</b>	<b>(41,190)</b>	<b>2,738,396</b>	<b>2,657,229</b>	<b>81,167</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	170,992	400	171,392	170,662	730
General Supplies	500	(400)	100	100	0
Total Basic Skills/Remedial - Instruction	171,492		171,492	170,662	830
Bilingual Education - Instruction:					
Salaries of Teachers	113,574	65,850	179,424	178,342	1,082
General Supplies	600	(1)	599	35	564
Total Bilingual Education - Instruction	114,174	65,849	180,023	178,377	1,646
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	47,264	32,721	79,985	79,985	0
Supplies and Materials	1,200	(1,200)			0
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	48,464	31,521	79,985	79,985	0
School-Sponsored Athletics - Instruction:					
Salaries	45,423	(13,068)	32,355	32,355	0
Purchased Services (300-500 series)	500	3,574	4,074	4,074	0
Supplies and Materials	5,000	(885)	4,115	4,115	0
Total School-Sponsored Athletics - Instruction	50,923	(10,379)	40,544	40,544	0
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Reading Specialists		38,104	38,104	38,104	0
Total Other Supplemental/at-risk Programs		38,104	38,104	38,104	0



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Community Services Programs/Operations:					
Salaries	\$ 10,000	\$ 3,200	\$ 13,200	\$ 40	\$ 13,160
Total Community Services Programs/Operations	10,000	3,200	13,200	40	13,160
TOTAL INSTRUCTION	11,204,171	128,825	11,332,996	11,025,235	307,761
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Special	684,848	111,293	796,141	663,703	132,438
Tuition to County Voc. School Dist.-Special	84,166	(84,166)			
Tuition to CSSD & Reg. Day Schools	171,166	171,166	171,166	110,606	60,560
Tuition to Priv. Sch. for the Handicap. W/I State	550,070	23,622	573,692	290,799	282,893
Total Undistributed Expenditures - Instruction	1,319,084	221,915	1,540,999	1,065,108	475,891
Undistributed Expend. - Attend. & Social Work:					
Salaries	24,504	6,424	30,928	30,927	1
Purchased Professional and Technical Services	9,500		9,500	9,495	5
Total Undist. Expend. - Attendance and Social Work	34,004	6,424	40,428	40,422	6
Undistributed Expenditures - Health Services:					
Salaries	275,773	(9,181)	266,592	263,864	2,728
Purchased Professional and Technical Services	71,855	29,432	101,287	101,285	2
Supplies and Materials	12,802	901	13,703	12,359	1,344
Total Undist. Expenditures - Health Services	360,430	21,152	381,582	377,508	4,074
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	434,091	(40,950)	393,141	393,141	
Purchased Professional - Educational Services	20,000		20,000	17,732	2,268
Supplies and Materials	1,150		1,150	522	628
Total Undist. Expend. - Speech, OT, PT, Related Svcs	455,241	(40,950)	414,291	411,395	2,896

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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. - Other Supp. Serv. Students - Extra. Serv.:					
Purchased Professional - Educational Services	\$ 353,572	\$ 39,180	\$ 392,752	\$ 390,160	\$ 2,592
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>353,572</u>	<u>39,180</u>	<u>392,752</u>	<u>390,160</u>	<u>2,592</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	370,322	16,405	386,727	386,726	1
Salaries of Secretarial and Clerical Assistants	73,359	5,300	78,659	77,236	1,423
Total Undist. Expend. - Guidance	<u>443,681</u>	<u>21,705</u>	<u>465,386</u>	<u>463,962</u>	<u>1,424</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	614,231	(42,668)	571,563	570,945	618
Salaries of Secretarial and Clerical Assistants	109,950		109,950	109,950	
Purchased Professional - Educational Services	373,198		373,198	167,130	206,068
Other Purchased Prof. and Tech. Services	138,850	86,000	224,850	223,654	1,196
Supplies and Materials	7,325	3,500	10,825	9,350	1,475
Other Objects	3,592		3,592	2,246	1,346
Total Undist. Expend. - Child Study Team	<u>1,247,146</u>	<u>46,832</u>	<u>1,293,978</u>	<u>1,083,275</u>	<u>210,703</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	120,591		120,591	120,591	
Salaries of Secretarial and Clerical Assistants	59,583		59,583	59,583	
Other Purchased Services (400-500 series)	64,165	(16,600)	47,565	28,187	19,378
Supplies and Materials	5,000	(1,300)	3,700	1,937	1,763
Total Undist. Expend. - Improv. of Inst. Serv.	<u>249,339</u>	<u>(17,900)</u>	<u>231,439</u>	<u>210,298</u>	<u>21,141</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 243,307	\$ 26,723	\$ 270,030	\$ 269,793	\$ 237
Salaries of Technology Coordinators	109,695		109,695	109,695	
Purchased Professional and Technical Services	10,375	(950)	9,425	6,482	2,943
Other Purchased Services (400-500 series)	4,000	(400)	3,600	835	2,765
Supplies and Materials	15,283	(538)	14,745	13,379	1,366
Other Objects	854,024	(125,985)	728,039	348,047	379,992
Total Undist Expend-Edu. Media Serv./Sch. Library	1,236,684	(101,150)	1,135,534	748,231	387,303
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	25,500	(5,185)	20,315	9,689	10,626
Other Objects	8,000	5,785	13,785	13,784	1
Total Undist.Expend.-Instructional Staff Training Services	33,500	600	34,100	23,473	10,627
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	314,099		314,099	313,940	159
Legal Services	27,000	(2,200)	24,800	22,994	1,806
Audit Fees	42,100		42,100	42,100	
Architectural/Engineering Services	30,046	15,000	45,046	40,036	5,010
Other Purchased Professional Services	75,000	2,000	77,000	76,970	30
Communications / Telephone	99,442	(19,743)	79,699	56,710	22,989
BOE Other Purchased Services	4,000		4,000	2,901	1,099
Other Purch. Serv. (400-500 series other than 530 & 585)	19,000	22,501	41,501	41,145	356
General Supplies	9,500	(1,000)	8,500	7,590	910
BOE In-house training/ Meeting Supplies	3,500		3,500	2,634	866
Judgments Against The School District	15,000	(15,000)			
Miscellaneous Expenditures	9,500	(4,320)	5,180	5,179	1
BOE Membership Dues and Fees	10,500	1,000	11,500	11,469	31
Total Undist. Expend.-Support Serv.-Gen. Admin.	658,687	(1,762)	656,925	623,668	33,257

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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.-School Adm.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 582,079	\$ 6,000	\$ 588,079	\$ 588,066	\$ 13
Salaries of Secretarial and Clerical Assistants	233,595	(5,700)	227,895	215,002	12,893
Other Salaries	3,500		3,500	525	2,975
Other Purchased Services (400-500 series)	6,200	(231)	5,969	4,652	1,317
Supplies and Materials	15,320	(2,404)	12,916	3,726	9,190
Total Undist. Expend.-Support Serv.-School Adm.	840,694	(2,335)	838,359	811,971	26,388
Undist. Expend. - Central Services:					
Salaries	208,602	2,018	210,620	210,620	
Purchased Technical Services	49,000	(2,018)	46,982	43,590	3,392
Miscellaneous Purchased Services (400-500 series other than 594)	10,500		10,500	6,160	4,340
Supplies and Materials	17,000		17,000	7,247	9,753
Other Objects	7,000		7,000	3,595	3,405
Total Undist. Expend. - Central Services	292,102		292,102	271,212	20,890
Undist. Expend. - Admin. Info. Technology:					
Salaries	58,161		58,161	58,161	
Purchased Technical Services	90,000		90,000	68,547	21,453
Total Undist. Expend. - Admin. Info. Technology	148,161		148,161	126,708	21,453
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	111,591		111,591	111,591	
Cleaning, Repair, and Maintenance Services	412,412	29,000	441,412	340,575	100,837
Lead Testing of Drinking Water	5,000		5,000	5,000	5,000
General Supplies	161,026		161,026	143,359	17,667
Total Undist. Expend.- Required Maint. for School Facilities	690,029	29,000	719,029	595,525	123,504

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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	\$ 279,008	\$ 1,700	\$ 280,708	\$ 246,846	\$ 33,862
Salaries of Non-Instructional Aides	81,428	(81,000)	428		428
Purchased Professional and Technical Services	8,200	(2,700)	5,500		5,500
Cleaning, Repair, and Maintenance Services	961,106	24,261	985,367	967,785	17,582
Insurance	164,480	34,500	198,980	198,867	113
General Supplies	171,910	(4,930)	166,980	109,070	57,910
Energy (Natural Gas)	225,000	(300)	224,700	167,223	57,477
Energy (Electricity)	325,000		325,000	187,982	137,018
Energy (Gasoline)	9,000	(1,000)	8,000	2,889	5,111
Other Objects	17,000	5,600	22,600	22,115	485
Total Undist. Expend.-Custodial Services	2,242,132	(23,869)	2,218,263	1,902,777	315,486
Security:					
Purchased Professional and Technical Services	68,000		68,000	56,970	11,030
Total Security	68,000		68,000	56,970	11,030
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	3,000,161	5,131	3,005,292	2,555,272	450,020
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	103,756		103,756	72,626	31,130
Contract. Serv.(Bet. Home & Sch.)-Vendors	301,104	18,225	319,329	313,045	6,284
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	36,100	(2,925)	33,175	33,175	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	423,424	184,700	608,124	543,474	64,650
Total Undist. Expend.-Student Trans. Serv.	864,384	200,000	1,064,384	962,320	102,064

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 240,648	\$ 13,000	\$ 253,648	\$ 226,250	\$ 27,398
Other Retirement Contributions - PERS	178,697	58,000	236,697	236,283	414
Other Retirement Contributions - Regular	54,045	(38,285)	54,045	27,551	26,494
Workers Compensation	90,000	152,791	51,715	51,715	
Health Benefits	3,154,557	25,000	3,307,348	2,783,277	524,071
Other Employee Benefits	130,000	(25,000)	155,000	95,387	59,613
Unused Sick Payment to Terminated/Retired Staff	25,000				
TOTAL UNALLOCATED BENEFITS	3,872,947	185,506	4,058,453	3,420,463	637,990
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,088,601	(1,088,601)
TPAF Pension Contributions (Non-Budgeted)				4,087,227	(4,087,227)
TPAF Non-Contributory Insurance (Non-Budgeted)				56,706	(56,706)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,297	(1,297)
Reimbursed TPAF Social Security Contributions				876,274	(876,274)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,110,105	(6,110,105)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,872,947	185,506	4,058,453	9,530,568	(5,472,115)
TOTAL UNDISTRIBUTED EXPENDITURES	15,409,817	584,348	15,994,165	19,695,551	(3,701,386)
TOTAL GENERAL CURRENT EXPENSE	26,613,988	713,173	27,327,161	30,720,786	(3,393,625)
CAPITAL OUTLAY					
Undistributed:					
School Buses - Regular	40,669		40,669	40,669	
Total Equipment	40,669		40,669	40,669	

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 87,420	\$	\$ 87,420	\$ 82,092	\$ 5,328
Supplies and Materials	286,000	54,743	340,743	171,026	169,717
Lease Purchase Agreements - Principal	54,743	(54,743)			
Assessment for Debt Service on SDA Funding	21,633		21,633		
Total Facilities Acquisition and Construction Serv.	449,796		449,796	274,751	175,045
<b>TOTAL CAPITAL OUTLAY</b>	490,465		490,465	315,420	175,045
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction:					
Other Salaries for Instruction		1,110	1,110	1,109	1
Total Summer School - Instruction		1,110	1,110	1,109	1
<b>TOTAL SPECIAL SCHOOLS</b>		1,110	1,110	1,109	1
<b>TOTAL EXPENDITURES</b>	27,104,453	714,283	27,818,736	31,037,315	(3,218,579)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(2,885,307)	(714,283)	(3,599,590)	(269,674)	3,329,916
Other Financing Sources/(Uses):					
Transfers from Other Funds				210	210
Total Other Financing Sources/(Uses)				210	210
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,885,307)	(714,283)	(3,599,590)	(269,464)	3,330,126
Fund Balance, July 1	6,364,076		6,364,076	6,364,076	
Fund Balance, June 30	\$ 3,478,769	\$ (714,283)	\$ 2,764,486	\$ 6,094,612	\$ 3,330,126

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation:</u>					
<u>Restricted Fund Balance:</u>					
Excess Surplus - Restricted For 2024-2025	\$			500,000	
Excess Surplus - Restricted For 2023-2024				750,000	
Capital Reserve				1,099,611	
Maintenance Reserve				346,274	
Unemployment Compensation				129,986	
Assigned Fund Balance:					
Year End Encumbrances				741,542	
Designated for Subsequent Year's Expenditures				1,596,497	
Unassigned Fund Balance				930,702	
				<u>6,094,612</u>	
				<u>(103,435)</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP basis				\$	<u>5,991,177</u>



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
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		\$ 166,974	\$ 166,974	\$ 92,515	\$ (74,459)
State Sources		279,484	279,484	197,672	(81,812)
Federal Sources	\$ 270,000	1,396,576	1,666,576	1,335,564	(331,012)
<b>Total Revenues</b>	<b>270,000</b>	<b>1,843,034</b>	<b>2,113,034</b>	<b>1,625,751</b>	<b>(487,283)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries		311,733	311,733	145,715	166,018
Purchased Professional and Technical Services		31,600	31,600	25,503	6,097
Tuition	240,000	41,115	281,115	281,115	
General Supplies	10,000	157,208	167,208	150,216	16,992
Textbooks		11,484	11,484	11,476	8
Other Objects		47,898	47,898	47,890	8
<b>Total Instruction</b>	<b>250,000</b>	<b>601,038</b>	<b>851,038</b>	<b>661,915</b>	<b>189,123</b>
Support Services:					
Salaries of Other Professional Staff		34,045	34,045	3,011	31,034
Personal Services - Employee Benefits		72,692	72,692	12,057	60,635
Purchased Professional and Technical Services	10,000	174,562	184,562	153,757	30,805
Other Purchased Services		192,460	192,460	110,674	81,786
Supplies and Materials	10,000	9,043	19,043	14,459	4,584
Other Objects		74,459	74,459		74,459
Student Activities		100,784	100,784	100,784	
<b>Total Support Services</b>	<b>20,000</b>	<b>658,045</b>	<b>678,045</b>	<b>394,742</b>	<b>283,303</b>
Facilities Acquisition and Construction Services:					
Building Improvements		592,220	592,220	577,363	14,857
<b>Total Facilities Acquisition and Construction Services</b>		<b>592,220</b>	<b>592,220</b>	<b>577,363</b>	<b>14,857</b>
<b>Total Expenditures</b>	<b>270,000</b>	<b>1,851,303</b>	<b>2,121,303</b>	<b>1,634,020</b>	<b>487,283</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ (8,269)</b>	<b>\$ (8,269)</b>	<b>\$ (8,269)</b>	<b>\$ -0-</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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	\$ 30,767,641	\$ 1,625,751
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis:		
Current Year Encumbrances		(32,742)
Prior Year Encumbrances		83,006
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	108,027	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(103,435)	
	\$ 30,772,233	\$ 1,676,015
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,037,315	\$ 1,634,020
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:		
Current Year Encumbrances		(32,742)
Prior Year Encumbrances		83,006
	\$ 31,037,315	\$ 1,684,284
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

Budgets/Budgetary Control:

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

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

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

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

**SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)**

**SPECIAL REVENUE FUND**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act				CRRSA	
	Title I	Title II A	Title III	ESSER II	Learning Acceleration	Mental Health
<b>REVENUE:</b>						
Local Sources						
State Sources						
Federal Sources	\$ 51,581	\$ 41,859	\$ 890	\$ 192,838	\$ 18,700	\$ 14,893
<b>Total Revenue</b>	<b>51,581</b>	<b>41,859</b>	<b>890</b>	<b>192,838</b>	<b>18,700</b>	<b>14,893</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	26,728			14,941	18,050	
Purchased Professional and Technical Services	24,853				650	
Tuition						
General Supplies				2,744		
Textbooks						
Other Objects						
<b>Total Instruction</b>	<b>51,581</b>			<b>17,685</b>	<b>18,700</b>	
Support Services:						
Salaries of Other Professional Staff				3,011		
Employee Benefits				12,057		
Purchased Professional and Technical Services		27,400	890			14,893
Other Purchased Services						
Supplies and Materials		14,459				
Student Activities						
<b>Total Support Services</b>		<b>41,859</b>	<b>890</b>	<b>15,068</b>		<b>14,893</b>
Facilities Acquisition:						
Building Improvements				160,085		
<b>Total Facilities Acquisition</b>				<b>160,085</b>		
<b>Total Expenditures</b>	<b>\$ 51,581</b>	<b>\$ 41,859</b>	<b>\$ 890</b>	<b>\$ 192,838</b>	<b>\$ 18,700</b>	<b>\$ 14,893</b>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP					
	ESSER III	Accelerated Learning	Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Security Aid
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 667,314	\$ 22,100	\$ 20,982	\$ 7,300	\$ 11,476	\$ 40,590
Total Revenue	667,314	22,100	20,982	7,300	11,476	40,590
EXPENDITURES:						
Instruction:						
Salaries of Teachers	75,246		10,750			
Purchased Professional and Technical Services						
Tuition	130,590		10,232		11,476	40,590
General Supplies						
Textbooks				7,300		
Other Objects						
Total Instruction	205,836		20,982	7,300	11,476	40,590
Support Services:						
Salaries of Other Professional Staff						
Employee Benefits	44,200	22,100				
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Student Activities						
Total Support Services	44,200	22,100				
Facilities Acquisition:						
Building Improvements	417,278					
Total Facilities Acquisition	417,278					
Total Expenditures	\$ 667,314	\$ 22,100	\$ 20,982	\$ 7,300	\$ 11,476	\$ 40,590

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	IDEA Part B Basic	IDEA Part B Preschool	Examination & Classification	Non-Public Handicapped Services		
				Corrective Speech	Supplemental Instruction	Compensatory Education
REVENUE:						
Local Sources						
State Sources	\$ 295,438	\$ 26,894	\$ 12,137	\$ 25,110	\$ 20,222	\$ 53,205
Federal Sources						
Total Revenue	295,438	26,894	12,137	25,110	20,222	53,205
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition	278,058					
General Supplies						
Textbooks						
Other Objects						
Total Instruction	278,058					
Support Services:						
Salaries of Other Professional Staff						
Employee Benefits						
Purchased Professional and Technical Services	17,380	26,894	12,137	25,110	20,222	53,205
Other Purchased Services						
Supplies and Materials						
Student Activities						
Total Support Services	17,380	26,894	12,137	25,110	20,222	53,205
Facilities Acquisition:						
Building Improvements						
Total Facilities Acquisition						
Total Expenditures	\$ 295,438	\$ 26,894	\$ 12,137	\$ 25,110	\$ 20,222	\$ 53,205

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>ARP</u>	<u>Climate Awareness Grant</u>	<u>Student Activities</u>	<u>Totals</u> <u>June 30, 2023</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources				
Total Revenue	3,057	6,650	92,515	92,515
EXPENDITURES:				
Instruction:				
Salaries of Teachers				145,715
Purchased Professional and Technical Services				25,503
Tuition	3,057			281,115
General Supplies		6,650		150,216
Textbooks				11,476
Other Objects				47,890
Total Instruction	3,057	6,650		661,915
Support Services:				
Salaries of Other Professional Staff				3,011
Employee Benefits				12,057
Purchased Professional and Technical Services				153,757
Other Purchased Services				110,674
Supplies and Materials				14,459
Student Activities			100,784	100,784
Total Support Services			100,784	394,742
Facilities Acquisition:				
Building Improvements				577,363
Total Facilities Acquisition				577,363
Total Expenditures	3,057	6,650	100,784	1,634,020



**CAPITAL PROJECTS FUND**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
AND PROJECT STATUS - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Interest Revenue	\$ 210
	<hr/>
Total Revenue and Other Financing Sources	210
	<hr/>
Expenditures and Other Financing Uses:	
Transfers Out:	
General Fund - Interest Earned	210
	<hr/>
Total Expenditures and Other Financing Uses	210
	<hr/>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
	<hr/>
Fund Balance - Beginning	-0-
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>

**PROPRIETARY FUNDS**

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2023

## ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 154,924
Accounts Receivable:	
Federal	4,763
State	293
Interfund Receivable - General Fund	36,988
Inventories	4,689
	<hr/>
Total Current Assets	201,657
	<hr/>
Non- Current Assets:	
Capital Assets:	
Capital Assets	125,975
Net of Accumulated Depreciation	(100,861)
	<hr/>
Total Non- Current Assets	25,114
	<hr/>
Total Assets	226,771
	<hr/>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue - Donated Commodities	3,635
Unearned Revenue - Prepaid Sales	14,084
Unearned Revenue - Supply Chain Assistance	30,329
	<hr/>
Total Current Liabilities	48,048
	<hr/>
Total Liabilities	48,048
	<hr/>
NET POSITION:	
Investment in Capital Assets	25,114
Unrestricted	153,609
	<hr/>
Total Net Position	\$ 178,723
	<hr/> <hr/>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenue:	
Charges for Services:	
Daily Sales:	
Daily Sales - Reimbursable Programs	\$ 277,355
Daily Sales - Non Reimbursable Programs	23,880
	<hr/>
Total Operating Revenue	301,235
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	175,022
Cost of Sales - Non Reimbursable Programs	15,070
Salaries, Benefits and Payroll Taxes	250,634
Purchased Property Services	14,081
Supplies and Materials	4,060
Depreciation Expense	4,310
	<hr/>
Total Operating Expenses	463,177
	<hr/>
Operating (Loss)	(161,942)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	95,430
Local Food for Schools	3,660
Food Distribution Program	26,435
Supply Chain Assistance	32,183
State Sources:	
State School Lunch Program	5,539
Local Sources:	
Interest Revenue	5,330
	<hr/>
Total Non-Operating Revenue	168,577
	<hr/>
Change in Net Position	6,635
	<hr/>
Net Position - Beginning of Year	172,088
	<hr/>
Net Position - End of Year	\$ 178,723
	<hr/> <hr/>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 298,175
Payments to Food Service Vendor	(428,423)
Payments to Suppliers	<u>(8,831)</u>
Net Cash (Used for) Operating Activities	<u>(139,079)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>5,330</u>
Net Cash Provided by Investing Activities	<u>5,330</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	110,140
Local Food for Schools	3,660
Supply Chain Assistance	62,512
State Sources	
State School Lunch Program	5,695
Interfund Advanced	<u>(36,988)</u>
Net Cash Provided by Noncapital Financing Activities	<u>145,019</u>
Net Increase in Cash and Cash Equivalents	11,270
Cash and Cash Equivalents, July 1	<u>143,654</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 154,924</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (161,942)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	26,435
Changes in Assets and Liabilities:	
(Increase) in Inventories	(630)
(Decrease) in Accounts Payable	(4,369)
Increase in Unearned Revenue - Donated Commodities	177
(Decrease) in Unearned Revenue- Prepaid Sales	<u>(3,060)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (139,079)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$26,612 and utilized commodities valued at \$26,435 for the fiscal year ended June 30, 2023.

**FIDUCIARY ACTIVITIES  
(NOT APPLICABLE)**

**LONG-TERM LIABILITIES**



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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2022	Retired or Matured	Balance June 30, 2023
			Date	Outstanding June 30, 2023 Amount				
Refunding Bonds of 2012	12/4/2012	\$ 3,815,000	07/15/23	\$ 365,000	4.000%	\$ 790,000	\$ 425,000	\$ 365,000
						\$ 790,000	\$ 425,000	\$ 365,000

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Bipolar Ionization Devices	1.52%	\$ 160,000	\$ 107,044	\$ 53,119	\$ 53,925
			.		
			<u>\$ 107,044</u>	<u>\$ 53,119</u>	<u>\$ 53,925</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
LONG-TERM LIABILITIES  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 448,100		\$ 448,100	\$ 448,100	
Total Revenues	448,100		448,100	448,100	
EXPENDITURES:					
Regular Debt Service:					
Interest	23,100		23,100	23,100	
Redemption of Principal	425,000		425,000	425,000	
Total Regular Debt Service	448,100		448,100	448,100	
Total Expenditures	448,100		448,100	448,100	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
*(accrual basis of accounting)*  
UNAUDITED

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 10,312,427	\$ 10,968,957	\$ 11,651,357	\$ 11,763,797	\$ 12,118,748	\$ 12,267,265	\$ 12,227,331	\$ 12,086,080	\$ 12,555,704	\$ 13,307,429
Restricted	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746	2,849,045
Unrestricted/(Deficit)	(4,342,929)	(3,663,287)	(4,230,049)	(4,862,881)	(4,432,924)	(4,294,331)	(4,336,909)	(3,477,362)	(1,663,127)	(1,440,576)
<b>Total Governmental Activities Net Position</b>	<b>\$ 7,939,837</b>	<b>\$ 8,733,911</b>	<b>\$ 9,243,896</b>	<b>\$ 9,147,893</b>	<b>\$ 9,255,806</b>	<b>\$ 9,368,683</b>	<b>\$ 10,654,144</b>	<b>\$ 11,634,786</b>	<b>\$ 13,651,323</b>	<b>\$ 14,715,898</b>
<b>Business-Type Activities:</b>										
Investment in Capital Assets	\$ 31,820	\$ 27,843	\$ 42,287	\$ 37,975	\$ 39,559	\$ 35,137	\$ 38,274	\$ 33,734	\$ 29,424	\$ 25,114
Unrestricted	66,786	77,893	70,253	83,746	88,112	94,230	106,914	87,949	142,664	153,609
<b>Total Business-Type Activities Net Position</b>	<b>\$ 98,606</b>	<b>\$ 105,736</b>	<b>\$ 112,540</b>	<b>\$ 121,721</b>	<b>\$ 127,671</b>	<b>\$ 129,367</b>	<b>\$ 145,188</b>	<b>\$ 121,683</b>	<b>\$ 172,088</b>	<b>\$ 178,723</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 10,344,247	\$ 10,996,800	\$ 11,693,644	\$ 11,801,772	\$ 12,158,307	\$ 12,302,402	\$ 12,265,605	\$ 12,119,814	\$ 12,585,128	\$ 13,332,543
Restricted	1,970,339	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746	2,849,045
Unrestricted/(Deficit)	(4,276,143)	(3,585,394)	(4,159,796)	(4,779,135)	(4,344,812)	(4,200,101)	(4,229,995)	(3,389,413)	(1,520,463)	(1,286,967)
<b>Total District Net Position</b>	<b>\$ 8,038,443</b>	<b>\$ 8,839,647</b>	<b>\$ 9,356,436</b>	<b>\$ 9,269,614</b>	<b>\$ 9,383,477</b>	<b>\$ 9,498,050</b>	<b>\$ 10,799,332</b>	<b>\$ 11,756,469</b>	<b>\$ 13,823,411</b>	<b>\$ 14,894,621</b>

Source: School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction:</b>										
Regular	\$ 9,504,701	\$ 11,373,913	\$ 12,628,594	\$ 14,152,914	\$ 13,303,362	\$ 15,322,811	\$ 13,594,644	\$ 13,898,223	\$ 12,538,033	\$ 12,131,879
Special Education	2,358,597	3,588,169	3,577,721	4,219,712	4,044,204	3,933,547	3,996,199	4,108,517	3,793,567	3,942,271
Other Special Instruction	282,164	298,466	212,912	242,666	258,652	347,345	354,079	299,487	490,108	519,498
Other Instruction	110,985	133,354	151,824	143,702	134,172	149,514	134,463	28,481	112,533	232,173
<b>Support Services:</b>										
Tuition	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946	1,051,632	1,301,941	1,346,223
Student & Instruction Related Services	3,426,546	3,645,631	3,868,747	4,302,335	4,603,753	3,696,079	4,546,812	4,430,099	4,624,936	4,784,069
General Administrative Services	496,940	434,410	681,974	470,098	492,180	539,732	596,070	602,203	642,770	694,687
School Administrative Services	961,813	1,019,201	1,185,445	1,339,033	1,295,007	1,327,535	1,322,299	1,370,020	1,316,069	1,206,344
Central Services	467,903	413,524	422,260	411,762	400,619	485,385	444,504	317,521	368,899	367,972
Administration Information Technology	145,762	122,673	123,939	135,179	156,401	138,965	134,420	136,887	143,711	140,500
Plant Operations and Maintenance	2,035,440	2,170,695	1,959,349	2,323,710	2,048,386	2,279,929	2,201,262	2,327,561	2,411,508	2,691,477
Pupil Transportation	456,756	470,899	419,228	464,553	515,896	547,885	492,007	471,270	578,578	976,442
Special Schools	23,412	29,219	32,428	22,904	15,843	44,986	30,084	25,389	48,602	1,361
Capital Outlay	117,656	129,642	32,703	21,633	21,633	22,133	22,133	21,633	21,633	21,633
Interest on Long-term Debt	160,953	71,891	122,194	102,177	83,820	72,163	57,455	49,125	32,309	15,309
Unallocated Depreciation	346,453	391,737	392,898	393,490	418,603	418,603	423,529	423,529	452,650	498,102
<b>Total Governmental Activities Expenses</b>	<b>22,013,721</b>	<b>24,990,244</b>	<b>26,698,109</b>	<b>29,614,150</b>	<b>28,631,136</b>	<b>29,982,238</b>	<b>29,192,906</b>	<b>29,561,577</b>	<b>28,856,194</b>	<b>29,569,940</b>
<b>Business-Type Activities:</b>										
Food Service	295,750	268,503	280,648	286,247	292,960	315,683	248,284	154,567	392,123	463,177
<b>Total Business-Type Activities Expenses</b>	<b>295,750</b>	<b>268,503</b>	<b>280,648</b>	<b>286,247</b>	<b>292,960</b>	<b>315,683</b>	<b>248,284</b>	<b>154,567</b>	<b>392,123</b>	<b>463,177</b>
<b>Total District Expenses</b>	<b>22,309,471</b>	<b>25,258,747</b>	<b>26,978,757</b>	<b>29,900,397</b>	<b>28,924,096</b>	<b>30,297,921</b>	<b>29,441,190</b>	<b>29,716,144</b>	<b>29,248,317</b>	<b>30,033,117</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition	63,496	20,600	23,400	27,200	28,100	44,424	57,200	40,600	45,182	33,416
Student & Instruction Related Services	27,475	27,280	26,675	25,605	60,530	52,480	65,490	17,250	228,927	92,515
Transportation	3,284,353	5,844,311	6,845,870	8,743,572	7,690,295	8,394,630	7,952,651	7,857,713	59,692	48,966
Operating Grants and Contributions	3,375,324	5,892,191	6,895,945	8,796,377	7,778,925	8,491,534	8,075,341	7,915,563	7,516,273	7,006,142
<b>Total Governmental Activities Program Revenues</b>	<b>3,375,324</b>	<b>5,892,191</b>	<b>6,895,945</b>	<b>8,796,377</b>	<b>7,778,925</b>	<b>8,491,534</b>	<b>8,075,341</b>	<b>7,915,563</b>	<b>7,850,074</b>	<b>7,181,039</b>



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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Service:										
Food Service	\$ 222,363	\$ 201,275	\$ 200,126	\$ 222,866	\$ 222,095	\$ 235,963	\$ 202,571	\$ 2,762	\$ 2,083	\$ 301,235
Operating Grants and Contributions	71,674	74,034	74,646	72,124	76,220	79,372	59,432	127,994	440,173	163,247
Total Business-Type Activities Revenues	294,037	275,309	274,772	294,990	298,315	315,335	262,003	130,756	442,256	464,482
Total District Program Revenues	3,669,361	6,167,500	7,170,717	9,091,367	8,077,240	8,806,869	8,337,344	8,046,319	8,292,330	7,645,521
Net (Expense)/Revenue										
Governmental Activities	(18,638,397)	(19,098,053)	(19,802,164)	(20,817,773)	(20,852,211)	(21,490,704)	(21,117,565)	(21,646,014)	(21,006,120)	(22,388,901)
Business-Type Activities	(1,713)	6,806	(5,876)	8,743	5,355	(348)	13,719	(23,811)	50,133	1,305
Total District Net (Expense)/Revenue	(18,640,110)	(19,091,247)	(19,808,040)	(20,809,030)	(20,846,856)	(21,491,052)	(21,103,846)	(21,669,825)	(20,955,987)	(22,387,596)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	18,716,186	19,084,895	19,460,866	19,850,082	20,442,524	21,051,711	21,472,745	21,997,999	22,437,957	22,886,716
Taxes Levied for Debt Service	766,468	727,174	728,242	699,542	460,300	463,975	467,200	474,900	465,100	448,100
Unrestricted Grants and Contributions	39,517	37,670	37,588	48,991	46,424	65,595	67,592	67,567	67,753	68,500
Interest and Miscellaneous Income	95,244	42,388	85,453	59,853	3,085	22,300	43,301	24,553	51,846	50,160
Cancellation of Prior Year Accounts Payable				63,302	7,791		150,152	36,403		
Total Governmental Activities	19,617,415	19,892,127	20,312,149	20,721,770	20,960,124	21,603,581	22,200,990	22,601,422	23,022,656	23,453,476
Business-Type Activities:										
Investment Earnings	419	324	359	438	595	2,044	2,102	306	272	5,330
Special Item - Capital Asset Valuation Adjustment			12,321							
Total Business-Type Activities	419	324	12,680	438	595	2,044	2,102	306	272	5,330
Total District	19,617,834	19,892,451	20,324,829	20,722,208	20,960,719	21,605,625	22,203,092	22,601,728	23,022,928	23,458,806
Change in Net Position:										
Governmental Activities	979,017	794,074	509,985	(96,003)	107,913	112,877	1,083,425	955,408	2,016,536	1,064,575
Business-Type Activities	(1,294)	7,130	6,804	9,181	5,950	1,696	15,821	(23,505)	50,405	6,635
Total District	\$ 977,723	\$ 801,204	\$ 516,789	\$ (86,822)	\$ 113,863	\$ 114,573	\$ 1,099,246	\$ 931,903	\$ 2,066,941	\$ 1,071,210

Source: School District Financial Reports.

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

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	\$ 1,960,312	\$ 1,428,241	\$ 1,822,588	\$ 2,246,977	\$ 1,569,982	\$ 1,395,749	\$ 2,648,256	\$ 2,966,376	\$ 2,727,303	\$ 2,825,871
Assigned	912,811	1,053,311	819,737	550,517	1,382,629	1,425,918	1,347,524	1,457,808	2,214,664	2,338,039
Unassigned	322,693	852,958	693,252	723,212	359,064	465,428	377,320	941,145	1,314,082	827,267
Total General Fund	\$ 3,195,816	\$ 3,334,510	\$ 3,335,577	\$ 3,520,706	\$ 3,311,675	\$ 3,287,095	\$ 4,373,100	\$ 5,365,329	\$ 6,256,049	\$ 5,991,177
All Other Governmental Funds:										
Restricted	\$ 10,027	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443	\$ 23,174
Total All Other Governmental Funds	\$ 10,027	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443	\$ 23,174

Source: School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Tax Levy	\$ 19,482,654	\$ 19,812,069	\$ 20,189,108	\$ 20,549,624	\$ 20,902,824	\$ 21,515,686	\$ 21,939,945	\$ 22,472,899	\$ 22,903,057	\$ 23,334,816
Tuition Charges	63,496	20,600	23,400	27,200	28,100	44,424	57,200	40,600	45,182	33,416
Miscellaneous	230,223	258,533	88,252	156,753	137,427	160,234	199,685	161,637	340,466	191,641
State Sources	2,825,895	3,137,430	3,494,340	3,738,491	4,346,494	4,911,238	5,116,593	6,200,467	7,705,051	7,972,696
Federal Sources	390,472	416,715	481,702	470,628	473,283	494,183	454,447	607,105	704,472	1,363,989
<b>Total Revenues</b>	<b>22,992,740</b>	<b>23,645,347</b>	<b>24,276,802</b>	<b>24,942,696</b>	<b>25,888,128</b>	<b>27,125,765</b>	<b>27,767,870</b>	<b>29,482,708</b>	<b>31,698,228</b>	<b>32,896,558</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	6,873,450	6,868,712	7,268,204	7,305,761	7,394,609	8,048,601	7,722,593	8,112,373	8,262,293	8,502,762
Special Education Instruction	1,709,357	2,382,651	2,038,344	2,154,956	2,187,091	2,148,818	2,212,043	2,342,020	2,418,122	2,701,503
Other Special Instruction	197,723	176,454	118,476	120,724	138,446	187,009	194,472	170,668	312,259	349,039
Other Instruction	84,530	84,377	92,413	75,232	74,801	86,322	81,650	16,895	71,950	158,673
<b>Support Services:</b>										
Tuition	1,117,640	696,820	885,893	868,282	838,605	656,123	842,946	1,051,632	1,301,941	1,346,223
Student & Instruction Related Services	2,918,460	3,024,974	3,190,222	3,515,336	3,866,607	3,754,080	3,708,873	3,804,878	3,750,929	3,849,508
General Administrative Services	441,756	385,227	593,166	417,295	439,840	454,515	505,561	543,761	539,817	623,668
School Administrative Services	714,191	687,743	733,611	744,544	764,020	775,182	794,508	875,899	846,112	811,971
Central Services	337,922	312,115	316,152	301,232	291,194	305,503	312,478	235,020	256,450	271,212
Administration Information Technology	1,883,900	1,095,186	1,776,992	2,126,744	1,869,099	2,065,331	2,027,896	2,178,964	2,262,196	2,555,272
Plant Operations and Maintenance	437,422	448,859	405,106	450,431	501,774	533,763	477,885	457,148	564,456	962,320
Pupil Transportation	4,481,223	4,874,075	5,360,586	5,839,206	6,619,474	7,176,578	7,309,265	8,153,259	9,069,797	9,530,568
Unallocated Benefits	19,136	23,657	26,206	17,943	12,521	33,983	22,798	20,828	37,094	1,109
Special Schools	713,822	704,397	626,806	58,254	578,331	341,009	120,158	181,633	553,423	931,063
Debt Service:										
Principal	605,000	595,000	605,000	595,000	370,000	385,000	400,000	420,000	425,000	425,000
Interest and Other Charges	166,814	146,858	128,175	109,095	90,300	78,975	67,200	54,900	40,100	23,100
<b>Total Expenditures</b>	<b>22,835,417</b>	<b>23,516,240</b>	<b>24,275,898</b>	<b>24,821,146</b>	<b>26,178,187</b>	<b>27,150,345</b>	<b>26,918,587</b>	<b>28,742,656</b>	<b>30,835,756</b>	<b>33,169,699</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>157,323</b>	<b>129,107</b>	<b>904</b>	<b>121,550</b>	<b>(290,059)</b>	<b>(24,580)</b>	<b>849,283</b>	<b>740,052</b>	<b>862,472</b>	<b>(273,141)</b>

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

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Transfers In	\$ 3	\$ 4	\$ 4	\$ 13	\$ 79	\$ 137	\$ 95	\$ 4	\$ 13	\$ 210
Transfers Out	(3)	(4)	(13)	(33)	(79)	(137)	(95)	(4)	(13)	(210)
Financed Purchases (Non-Budgeted)					73,237			160,000		
Cancellation of Prior Year Accounts Payable				63,302	7,791		150,152	36,403		
Total Other Financing Sources (Uses)	-0-	-0-	-0-	63,302	81,028	-0-	150,152	196,403	-0-	-0-
Net Change in Fund Balances	\$ 157,323	\$ 129,107	\$ 904	\$ 184,852	\$ (209,031)	\$ (24,580)	\$ 999,435	\$ 936,455	\$ 862,472	\$ (273,141)
Debt Service as a Percentage of Noncapital Expenditures	3.6 %	3.4 %	3.2 %	2.9 %	1.8 %	1.8 %	1.8 %	1.7 %	1.6 %	1.4 %

Source: School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2014	\$ 11,190	\$ 63,496	27,475	\$ 56,577	\$ 158,738
2015	9,963	20,600	27,280	5,141	62,984
2016	10,630	23,400	23,675	51,135	108,840
2017	6,167	27,200	25,605	53,653	112,625
2018	2,558	28,100	60,530	448	91,636
2019	3,472	44,424	52,480	18,691	119,067
2020	17,102	57,200	65,490	26,104	165,896
2021	2,774	40,600	17,250	21,775	82,399
2022	2,584	45,182	59,692	49,250	156,708
2023	38,331	33,416	48,966	11,619	132,332

Source: Borough of Hillsdale School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2013	* \$ 11,462,800	\$ 1,543,338,400	\$ 676,200	\$ 12,200	\$ 97,389,700	\$ 12,029,100	\$ 4,959,700	\$ 1,669,868,100	\$ 140,637,400	\$ 6,484,341	\$ 1,676,352,441	\$ 1.15	\$ 1,760,985,490
2014	10,606,300	1,543,881,100	621,800	12,200	97,025,800	12,029,100	4,959,700	1,669,136,000	140,724,900	5,466,941	1,674,602,941	1.17	1,810,828,300
2015	10,606,300	1,544,839,900	621,800	12,200	96,902,400	12,029,100	4,959,700	1,669,971,400	140,595,200	5,459,352	1,675,430,752	1.19	1,778,154,309
2016	10,541,400	1,547,451,500	621,800	12,200	96,611,800	12,029,100	4,959,700	1,672,227,500	140,242,900	5,840,947	1,678,068,447	1.22	1,797,317,792
2017	10,204,700	1,550,344,000	621,800	12,200	96,744,900	12,029,100	4,959,700	1,674,916,400	140,448,700	5,839,516	1,680,755,916	1.24	1,819,081,316
2018	14,139,500	1,553,102,200	621,800	12,200	94,928,700	12,029,100	4,959,700	1,679,793,200	140,448,700	5,873,363	1,685,666,563	1.26	1,813,645,677
2019	12,551,900	1,559,712,900	621,800	12,200	94,786,700	12,029,100	4,959,700	1,684,674,300	140,445,900	5,809,640	1,690,483,940	1.28	1,879,223,781
2020	11,070,200	1,563,453,300	621,800	12,200	97,111,900	11,944,100	7,119,700	1,691,333,200	140,502,100	5,888,257	1,697,221,457	1.32	1,873,441,718
2021	8,443,800	1,567,361,300	621,800	12,200	96,833,700	11,944,100	14,619,700	1,699,836,600	141,279,100	6,171,484	1,706,008,084	1.34	1,894,706,963
2022	6,818,900	1,574,249,800	621,800	12,200	96,793,700	11,944,100	14,619,700	1,705,060,200	141,847,600	5,819,616	1,710,879,816	1.36	1,977,971,492

\* Revaluation Year.

<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 of assessed value.

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

Source: Municipal Tax Assessor

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
*(rate per \$100 of assessed value)*  
UNAUDITED

Year Ended December 31,	<u>Borough of Hillsdale School District Direct Rate</u>			<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Hillsdale	Pascack Valley Regional High School District	Bergen County	
2013	* \$ 1.11	\$ 0.05	\$ 1.15	\$ 0.53	\$ 0.65	\$ 0.24	\$ 2.57
2014	1.13	0.04	1.17	0.54	0.65	0.25	2.61
2015	1.15	0.04	1.19	0.55	0.63	0.26	2.63
2016	1.18	0.04	1.22	0.56	0.68	0.26	2.71
2017	1.21	0.03	1.24	0.57	0.68	0.27	2.76
2018	1.23	0.03	1.26	0.58	0.70	0.26	2.80
2019	1.28	0.03	1.28	0.60	0.75	0.27	2.90
2020	1.30	0.03	1.32	0.60	0.71	0.27	2.91
2021	1.32	0.03	1.34	0.62	0.72	0.28	2.97
2022	1.34	0.03	1.36	0.63	0.73	0.28	3.00

\* Revaluation Year.

<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.

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

Source: Municipal Tax Collector and School Business Administrator

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

	2023		2014	
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value
		% of Total District Net Assessed Value		% of Total District Net Assessed Value

NOT AVAILABLE

NOT AVAILABLE

Source: Municipal Tax Assessor



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 19,482,654	\$ 19,482,654	100.00 %	-0-
2015	19,812,069	19,812,069	100.00 %	-0-
2016	20,189,108	20,189,108	100.00 %	-0-
2017	20,549,624	20,549,624	100.00 %	-0-
2018	20,902,824	20,902,824	100.00 %	-0-
2019	21,515,686	21,515,686	100.00 %	-0-
2020	21,939,945	21,939,945	100.00 %	-0-
2021	22,472,899	22,472,899	100.00 %	-0-
2022	22,903,057	22,903,057	100.00 %	-0-
2023	23,334,816	23,334,816	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: Borough of Hillsdale School District records, including the Certificate and Report of Report of School Taxes (A4F form).

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

Fiscal Year Ended June 30,	Governmental Activities			Bond		Business -Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Anticipation Notes (BANs)	Financed Purchases	Financed Purchases				
2014	\$ 4,585,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,585,000	0.62 %	\$ 443.25	
2015	3,990,000	-0-	-0-	-0-	-0-	-0-	3,990,000	0.52 %	385.28	
2016	3,385,000	-0-	-0-	-0-	-0-	-0-	3,385,000	0.42 %	326.11	
2017	2,790,000	-0-	-0-	-0-	-0-	-0-	2,790,000	0.34 %	269.10	
2018	2,420,000	-0-	47,771	-0-	-0-	-0-	2,467,771	0.29 %	237.70	
2019	2,035,000	-0-	23,292	-0-	-0-	-0-	2,058,292	0.23 %	198.96	
2020	1,635,000	-0-	-0-	-0-	-0-	-0-	1,635,000	0.18 %	158.63	
2021	1,215,000	-0-	160,000	-0-	-0-	-0-	1,375,000	0.15 %	134.11	
2022	790,000	-0-	107,044	-0-	-0-	-0-	897,044	0.09 %	89.10	
2023	365,000	-0-	53,925	-0-	-0-	-0-	418,925	0.04 %	41.71	

<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.

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2014	\$ 4,585,000	\$ -0-	\$ 4,585,000	0.27 %	443.25
2015	3,990,000	-0-	3,990,000	0.24 %	385.28
2016	3,385,000	-0-	3,385,000	0.20 %	326.11
2017	2,790,000	-0-	2,790,000	0.17 %	269.10
2018	2,420,000	-0-	2,420,000	0.14 %	233.10
2019	2,035,000	-0-	2,035,000	0.12 %	196.71
2020	1,635,000	-0-	1,635,000	0.10 %	158.63
2021	1,215,000	-0-	1,215,000	0.07 %	118.50
2022	790,000	-0-	790,000	0.05 %	78.47
2023	365,000	-0-	365,000	0.02 %	36.34

<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 basic financial statements.

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
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:			
Borough of Hillsdale	\$ 2,567,368	100.00 %	\$ 2,567,368
Bergen County General Obligation Debt	977,925,631	1.01 %	<u>9,922,115</u>
Subtotal, Overlapping Debt			12,489,483
Borough of Hillsdale School District Direct Debt			<u>365,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 12,854,483</u></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 residents and businesses of Hillsdale. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 1,875,924,135
2021	1,961,500,808
2022	2,100,603,918
	<u>\$ 5,938,028,861</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,979,342,954</u>
Debt Limit (3% of Average Equalization Value) <sup>a</sup>	\$ 59,380,289
Net Bonded School Debt at June 30, 2023	<u>365,000</u>
Legal Debt Margin	<u>\$ 59,015,289</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 55,286,435	\$ 54,068,112	\$ 53,567,528	\$ 53,410,421	\$ 53,816,585
Total Net Debt Applicable to Limit	<u>4,585,000</u>	<u>3,990,000</u>	<u>3,385,000</u>	<u>2,790,000</u>	<u>2,420,000</u>
Legal Debt Margin	<u>\$ 50,701,435</u>	<u>\$ 50,078,112</u>	<u>\$ 50,182,528</u>	<u>\$ 50,620,421</u>	<u>\$ 51,396,585</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.29 %	7.38 %	6.32 %	5.22 %	4.50 %

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 54,710,556	\$ 55,210,278	\$ 55,977,077	\$ 56,944,292	\$ 59,380,289
Total Net Debt Applicable to Limit	<u>2,035,000</u>	<u>1,635,000</u>	<u>1,215,000</u>	<u>790,000</u>	<u>365,000</u>
Legal Debt Margin	<u>\$ 52,675,556</u>	<u>\$ 53,575,278</u>	<u>\$ 54,762,077</u>	<u>\$ 56,154,292</u>	<u>\$ 59,015,289</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.72 %	2.96 %	2.17 %	1.39 %	0.61 %

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

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

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Bergen County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2014	10,356	\$ 765,132,348	\$ 73,883	4.70%
2015	10,380	802,612,740	77,323	4.00%
2016	10,368	817,371,648	78,836	4.00%
2017	10,382	841,191,168	81,024	3.80%
2018	10,345	881,300,895	85,191	3.30%
2019	10,307	909,499,987	88,241	2.80%
2020	10,253	942,988,916	91,972	8.50%
2021	10,068	980,049,324	97,343	5.70%
2022	10,044	977,713,092 ***	97,343 **	3.20%
2023	10,044 *	977,713,092 ***	97,343 **	N/A

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

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

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

N/A - Not Available

Source:

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

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

NOT AVAILABLE

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

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

<u>Function/Program</u>	<u>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	87.15	89.15	89.15	89.15	90.10	90.50	89.75	102.35	102.95	93.75
Special Education	53.00	54.25	56.25	57.25	58.00	26.10	53.47	41.18	45.20	47.20
Support Services:										
Student & Instruction Related Services	25.74	25.74	25.74	25.74	26.74	26.74	26.82	25.76	27.36	27.32
General Administrative Services	2.50	2.50	3.00	3.00	3.00	3.00	2.60	2.60	2.60	3.50
School Administrative Services	8.00	8.00	9.00	10.00	9.50	9.50	7.55	7.67	7.67	8.00
Central Services	6.00	6.00	3.00	2.00	2.00	2.00	3.00	3.00	3.60	3.00
Plant Operations and Maintenance	10.30	10.30	10.30	10.30	5.00	5.00	5.00	7.00	7.40	7.80
<b>Total</b>	<b>192.69</b>	<b>195.94</b>	<b>196.44</b>	<b>197.44</b>	<b>194.34</b>	<b>162.84</b>	<b>188.19</b>	<b>189.56</b>	<b>196.78</b>	<b>190.57</b>

Source: District Personnel Records.



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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Meadowbrook	Smith	Middle School White				
2014	1,300	\$ 21,349,781	\$ 16,423	5.15 %	119	1:10.0	1:10.5	1:11.0	1,305	1,256	-2.17 %	96.25 %
2015	1,257	22,107,748	17,588	7.09 %	119	1:10.0	1:10.5	1:11.0	1,253	1,207	-3.98 %	96.33 %
2016	1,181	22,915,917	19,404	10.33 %	124	1:9.5	1:9.5	1:9.0	1,179	1,136	-5.91 %	96.35 %
2017	1,189	24,058,797	20,234	4.28 %	122	1:9.5	1:9.5	1:9.5	1,187	1,136	0.68 %	95.70 %
2018	1,149	25,139,556	21,880	8.13 %	124	1:9.4	1:9.4	1:9.4	1,149	1,102	-3.20 %	95.91 %
2019	1,140	26,345,361	23,110	5.62 %	135	1:9.5	1:9.4	1:9.4	1,135	1,089	-1.22 %	95.95 %
2020	1,104	26,331,229	23,851	3.21 %	134	1:9.3	1:9.3	1:9.3	1,109	1,080	-2.29 %	97.39 %
2021	1,081	28,086,123	25,982	8.93 %	136	1:7.8	1:7.2	1:7.7	1,071	1,043	-3.43 %	97.42 %
2022	1,083	29,817,233	27,532	5.97 %	139	1:7.2	1:7.3	1:8.7	1,082	1,032	1.03 %	95.38 %
2023	1,115	31,790,536	28,512	3.56 %	140	1:9.1	1:7.9	1:7.2	1,116	1,049	3.14 %	94.00 %

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</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: Borough of Hillsdale School District records.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>District Building</u>										
Meadowbrook School (1962)	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622
Square Feet	450	450	450	450	450	450	450	450	450	450
Capacity (students)	337	327	327	319	319	319	319	308	308	308
Enrollment										
Smith School (1956)	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950
Square Feet	465	465	465	465	465	465	465	465	465	465
Capacity (students)	333	309	309	294	294	290	290	291	291	291
Enrollment										
White School (1922)	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370
Square Feet	752	752	752	752	752	752	752	752	752	752
Capacity (students)	630	621	621	576	576	531	531	482	482	482
Enrollment										
Board Office (1999)	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820
Square Feet										

Number of Schools at June 30, 2023

Elementary = 2

Middle School = 1

Other = 1

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

Source: Borough of Hillsdale School District Board Office.

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

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

School Facilities*	Project # (s)	June 30,									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Ann Blanche Smith	N/A	\$ 91,762	\$ 95,321	\$ 84,790	\$ 93,033	\$ 91,002	\$ 89,466	\$ 101,150	\$ 107,320	\$ 93,725	\$ 217,939
George G. White	N/A	161,305	206,640	102,914	327,830	114,179	148,191	172,261	141,078	124,966	139,853
Meadowbrook	N/A	84,917	90,214	73,428	105,413	87,834	97,056	101,174	179,496	160,114	218,784
Total School Facilities		<u>337,984</u>	<u>392,175</u>	<u>261,132</u>	<u>526,276</u>	<u>293,015</u>	<u>334,713</u>	<u>374,585</u>	<u>427,894</u>	<u>378,805</u>	<u>576,576</u>
Other Facilities											
Board Office	N/A	5,585	8,301	6,967	8,936	10,242	14,150	20,676	14,379	11,716	18,949
Grand Total		<u>\$ 343,569</u>	<u>\$ 400,476</u>	<u>\$ 268,099</u>	<u>\$ 535,212</u>	<u>\$ 303,257</u>	<u>\$ 348,863</u>	<u>\$ 395,261</u>	<u>\$ 442,273</u>	<u>\$ 390,521</u>	<u>\$ 595,525</u>

N/A - Not Applicable.

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

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2023  
UNAUDITED

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

Source: Borough of Hillsdale School District records.

**SINGLE AUDIT SECTION**

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Hillsdale School District (the "District"), in the County of Bergen, as of and for the fiscal year ended June 30, 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 25, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

The Honorable President and Members  
of the Board of Education  
Borough of Hillsdale School District  
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 result of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
October 25, 2023

*Nisivoccia LLP*  
NISIVOCCIA LLP

*John J. Mooney*  
\_\_\_\_\_  
John J. Mooney  
Licensed Public School Accountant #2602  
Certified Public Accountant



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 BKR International

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

Independent Auditors' Report

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

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

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

We have audited the Borough of Hillsdale School District's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 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  
Borough of Hillsdale School District  
Page 2

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

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

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

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

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

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

## Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey  
October 25, 2023

*Nisiroccia LLP*  
NISIVOCIA LLP

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

**BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Assistance Listing Number	Federal Grantor/Pass Through Grantor/Program or Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance at June 30, 2023		Amounts Paid to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable						Budgetary Unearned Revenue		
<b>Enterprise Fund:</b>															
<b>U.S. Department of Agriculture:</b>															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
	COVID 19 - Seamless Summer Option	N/A	7/1/21-6/30/22	\$ 420,605	\$ (19,473)		\$ 19,473						\$ 3,635		
10.555	U.S.D.A. Commodities Program	N/A	7/1/22-6/30/23	26,612			26,612		(22,977)						
10.555	U.S.D.A. Commodities Program	N/A	7/1/21-6/30/22	9,096	\$ 3,458				(3,458)						
10.555	COVID 19 - Supply Chain Assistance	N/A	7/1/22-6/30/23	62,512			62,512		(32,183)				30,329		
10.555	National School Lunch Program	N/A	7/1/22-6/30/23	95,430	(19,473)	3,458	199,264		(95,430)			\$ (4,763)	33,964		
	Total Child Nutrition Cluster								(154,048)				(4,763)		
10.185	Local Food for Schools	N/A	7/1/22-6/30/23	3,660			3,660		(3,660)						
	Total U.S. Department of Agriculture/Enterprise Fund				(19,473)	3,458	202,924		(157,708)				(4,763)	33,964	
<b>Special Revenue Fund:</b>															
<b>U.S. Department of Education:</b>															
Passed-through State Department of Education:															
Special Education Cluster:															
84.027A	ID.E.A. Part B, Basic	IDEA-2180-23	7/1/22-9/30/23	308,888			295,335		(295,438)			(103)			
84.027A	ID.E.A. Part B, Basic	IDEA-2180-22	7/1/21-9/30/22	295,279	(63,565)		59,589		3,976						
84.027A	ID.E.A. Part B, Basic	IDEA-2180-21	7/1/20-9/30/21	300,441	(449)				449						
84.027A	ID.E.A. Part B, Basic	IDEA-2180-20	7/1/19-9/30/20	284,520			\$ 3,528							\$ 3,528	
84.173A	ID.E.A. Part B, Preschool	IDEA-2180-23	7/1/22-9/30/23	29,776			26,894		(26,894)						
84.173A	ID.E.A. Part B, Preschool	IDEA-2180-22	7/1/21-9/30/22	28,550	(27,400)		27,400		(3,057)						
84.027X	COVID 19 - ARP - ID.E.A. Part B, Basic	IDEA-2180-22	7/1/21-9/30/22	57,611	(1,860)		4,917		(325,389)	4,425		(103)		3,528	
	Total Special Education Cluster				(93,274)		414,135		(325,389)	4,425		(103)		3,528	
<b>Education Stabilization Fund:</b>															
84.425D	COVID-19 - CRRSA - ESSER II	N/A	3/13/20-9/30/23	338,096	(7,680)		65,272		(192,838)				(135,246)		
84.425D	COVID-19 - CRRSA - Learning Acceleration	N/A	3/13/20-9/30/23	25,000	(6,300)		25,000		(18,700)						
84.425D	COVID-19 - CRRSA - Mental Health	N/A	3/13/20-9/30/23	45,000	(23,035)		37,928		(14,893)						
84.425U	COVID-19 - ARP - ESSER III	N/A	3/13/20-9/30/24	759,849	(38,500)		152,690		(667,314)				(553,124)		
84.425U	COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	N/A	3/13/20-9/30/24	91,032	(75,515)		22,100		(22,100)	4,425			(688,370)		3,528
	Total Educational Stabilization Fund						302,990		(915,845)	4,425			(688,370)		3,528
<b>Elementary and Secondary Education Act:</b>															
84.010A	Title I	ESEA-2180-23	7/1/22-9/30/23	85,862			43,331		(51,581)				(8,250)		
84.010A	Title I	ESEA-2180-22	7/1/21-9/30/22	87,475	(8,612)		8,612								
84.010A	Title I	ESEA-2180-21	7/1/20-9/30/21	111,963			1,120				\$ 1,120				
84.367A	Title IIA	ESEA-2180-23	7/1/22-9/30/23	45,709			15,051		(41,859)				(26,808)		
84.367A	Title IIA	ESEA-2180-22	7/1/21-9/30/22	26,523	(2,593)		2,593								
84.367A	Title IIA	ESEA-2180-21	7/1/20-9/30/21	31,178							2,235				
84.365	Title III	ESEA-2180-23	7/1/22-9/30/23	3,116	(1,532)		997		(890)				(890)		
84.365	Title III	ESEA-2180-22	7/1/21-9/30/22	2,714	(12,737)		70,584		(94,330)	535			(35,948)		
	Total Elementary and Secondary Education Act						3,355		(94,330)	535			(35,948)		
	Total U.S. Department of Education				(181,526)		787,709		(1,335,564)	4,960		3,355	(724,421)		3,528
	Total Special Revenue Fund				(181,526)		787,709		(1,335,564)	4,960		3,355	(724,421)		3,528
	Total Federal Financial Awards				(200,999)	\$ 3,458	\$ 990,633	\$ 6,883	\$ (1,493,272)	\$ 4,960	\$ 3,355	\$ (729,184)	\$ 33,964	\$ 3,528	\$ -0-
	N/A - Not Available/Applicable														

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2023		MEMO Cumulative Total Expenditures
					Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	
<b>State Department of Education:</b>												
<b>General Fund State Aid:</b>												
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	\$ 126,575	(12,409)	\$	12,409						\$ 126,575
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	11,741	(1,151)		1,151						11,741
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	907,656	(88,984)		88,984						907,656
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	55,927	(5,483)		5,483						55,927
Extraordinary Special Education Costs Aid	22-495-034-5120-044	7/1/21-6/30/22	488,270	(488,270)		488,270						488,270
Reimbursement of Nonpublic School												
Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	2,320	(2,320)		2,320						2,320
Reimbursed TPAF Social Security Contributions	22-495-034-5095-003	7/1/21-6/30/22	858,583	(670)		670						858,583
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	126,575		\$	115,722	(126,575)			\$	(10,853)	126,575
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	11,741			10,734	(11,741)				(1,007)	11,741
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,012,087			925,307	(1,012,087)				(86,780)	1,012,087
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	55,927			51,132	(55,927)				(4,795)	55,927
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	427,166				(427,166)			\$	(427,166)	427,166
Reimbursement of Nonpublic School												
Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	4,992				(4,992)				(4,992)	4,992
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	876,274			832,692	(876,274)				(43,582)	876,274
TPAF Pension Contributions (On-Behalf - Non-Budgeted)	23-495-034-5094-002	7/1/22-6/30/23	4,087,227			4,087,227	(4,087,227)					4,087,227
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	23-495-034-5094-001	7/1/22-6/30/23	1,088,601			1,088,601	(1,088,601)					1,088,601
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	23-495-034-5094-004	7/1/22-6/30/23	56,706			56,706	(56,706)					56,706
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	23-495-034-5094-004	7/1/22-6/30/23	1,297			1,297	(1,297)					1,297
<b>Total General Fund</b>				(599,287)		7,768,705	(7,748,593)			(475,740)	(579,175)	10,199,665
<b>Special Revenue Fund:</b>												
Climate Awareness Grant			6,660			6,660	(6,650)		\$	10		6,650
Nonpublic Auxiliary Services:												
Compensatory Education	23-100-034-5120-066	7/1/22-6/30/23	130,358			130,358	(63,205)			77,153		53,205
Nonpublic Handicapped Services:												
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	57,638			57,638	(12,137)			45,501		12,137
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	60,915			60,915	(25,110)			35,805		25,110
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	36,757			36,757	(20,222)			16,535		20,222
Nonpublic Nursing	22-100-034-5120-070	7/1/21-6/30/22	23,296					\$	1,194			22,102
Nonpublic Textbook Aid	23-100-034-5120-509	7/1/22-6/30/23	11,484			11,484	(11,476)				8	11,476
Nonpublic Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	7,308			7,308	(7,300)				8	7,300
Nonpublic Nursing	23-100-034-5120-070	7/1/22-6/30/23	22,176			22,176	(20,982)			1,194		20,982
Nonpublic Security Aid	23-100-034-5120-509	7/1/22-6/30/23	40,590			40,590	(40,590)					40,590
Nonpublic Handicapped Services:												
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	33,744					11,518				22,226
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	18,600					2,810				15,790
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	11,564					1,355				10,209
Nonpublic Auxiliary Services:												
Compensatory Education	22-100-034-5120-066	7/1/21-6/30/22	35,832					5,024				30,808
<b>Total Special Revenue Fund</b>				21,901		373,886	(197,672)			176,214		298,807



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES 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 includes the federal and state grant activity of the Board of Education, Borough of Hillsdale School District under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,592 for the general fund, and \$50,264 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,753,185	\$ 7,753,185
Special Revenue Fund	\$ 1,363,989	219,511	1,583,500
Proprietary Fund	<u>157,708</u>	<u>5,539</u>	<u>163,247</u>
Total Financial Assistance	<u>\$ 1,521,697</u>	<u>\$ 7,978,235</u>	<u>\$ 9,499,932</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2023.

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

	Assistance Listing / State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 - CRRSA - ESSER II	84.425D	3/13/20-9/30/23	\$ 338,096	\$ 192,838
COVID-19 - CRRSA - Learning Acceleration	84.425D	3/13/20-9/30/23	25,000	18,700
COVID-19 - CRRSA - Mental Health	84.425D	3/13/20-9/30/23	45,000	14,893
COVID-19 - ARP - ESSER III	84.425U	3/13/20-9/30/24	759,849	667,314
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	3/13/20-9/30/24	91,032	22,100
<u>State:</u>				
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	11,741	11,741
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,012,087	1,012,087
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	55,927	55,927

- The threshold for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal programs and was determined to be a "low-risk" auditee for state programs.



BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023

Status of Prior Year Findings:

The District had no prior year audit findings.