

**Annual Comprehensive
Financial Report**

of the

Township of Hillside Board of Education

County of Union

Hillside, New Jersey

For the Fiscal Year Ended June 30, 2023

Prepared by

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

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INTRODUCTORY SECTION

New Pathways

HILLSIDE PUBLIC SCHOOLS

New Possibilities

April 23, 2024

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

Dear Board Members:

The comprehensive annual financial report of the Hillside Public Schools (District) for the fiscal year ending June 30, 2023, has been submitted and prepared for public viewing. Responsibility for the accuracy of the data, completeness, and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to understand the District's financial activities have been included in this report.

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the district's organizational chart, and a list of principal officials. The financial section consists of the basic financial statements, required supplementary information, and the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented multi-yearly. The District is required to undergo an annual single audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES:

The Hillside Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. The Hillside Board of Education and all its schools constitute the District's reporting entity.

*Office of the Superintendent, Hillside Public Schools
195 Virginia Street, Hillside, New Jersey 07205-2798*

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, and special education programs. The district completed the 2022 – 2023 fiscal year with an average daily enrollment of 3031 students. The following details the in-district student enrollment over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2022-2023	3031	2809	92.67
2021-2022	2932	2688	91.67
2020-2021	3020	2869	95.00
2019-2020	3090	2992	96.83
2018-2019	3089	2910	94.21
2017-2018	3026	2852	94.25
2016-2017	3072	2898	94.34
2015-2016	3041	2869	94.34
2014-2015	3084	2920	94.68
2013-2014	3038	2834	93.29

2. MAJOR INITIATIVES 2022 -2023:

Hillside Public Schools launched the school year with a key focus of aligning our five (5) major initiatives to the district’s five (5) strategic goals (*Student Success, Student Well-Being, Engaged Workforce, Operational Excellence, Partnerships*) that focus on improving the academic and social-emotional outcomes for students. The five (5) major initiatives are as follows:

1. **Improve Early Literacy Outcomes for Students.** Ensuring students are provided rigorous standards-aligned grade level instruction that addresses early literacy practices that will promote students’ ability to read on grade level as they exit 1st, 2nd, and 3rd grades
2. **Create Multiple Learning Pathways for Student Success** Ensure that every student receives a standards-based education that will provide multiple pathways for student success by broadening post-secondary opportunities, building support systems to retain our students in-district, and expanding college and career options. Hillside Public Schools will eliminate opportunity gaps, so all students achieve excellence
3. **Strengthen Students’ Access to Social-Emotional Supports:** Create an environment that fosters the growth and well-being of the students. Hillside Public Schools will nurture all students’ intellectual, physical, mental, and social-emotional development in healthy, safe, and supportive learning environments.

4. **Improve Technology Infrastructure to Ensure Equitable Access:** Strengthen and improve system-wide operations to meet the needs of Hillside Public Schools' growing and changing reliability on technology resources and systems. Equitable access to resources and support must be in place at each school so that students and staff can proficiently master teaching and learning standards.

5. **Increase academic and communication resources for Multiple Language Learners (MLL):** Provide multi-tiered support for our students and parents who need school-based and community-based resources to improve their acquisition of English and second language strategies.

The district will continue to deliver a standards-based curriculum aligned with the New Jersey Student Learning Standards (NJSLSA). The district uses the ELA curricular resource **AMPLIFY** for grades K – 8, while Math **ENVISIONS 3.0** will be used for the K- 8th-grade curriculum. However, this year, the district will supplement both content areas with resources to enhance the learning experience for our students at least one grade level behind. Hillside Public Schools has incorporated several digital interventions to support students at least one grade level behind. Hillside Public Schools piloted the Open Sci-Ed Science curricular resource in a few elementary classrooms. The District supports students' ability to use innovative resources to improve their creative thinking, and this year, the District partnered with Amazon Boot-Up to provide coding classes for elementary students.

The district has updated the common assessment calendar, core content curriculum scope and sequence, and professional development to ensure alignment and delivery of accelerating standards-based instruction. Moreover, the district continues to use the LINKit database to generate benchmark assessments and analyze student achievement data. Our district continues to focus on using data-driven protocols to drive instructional practices. Strong data-driven protocols have been established so that timely and reflective evaluations of district practices can be continuously assessed by central office administration.

The Office of Curriculum and Instruction continues to use quarterly benchmark assessments to provide the district instructional staff with key indicators about the progress students are making toward mastery of grade-level standards. The district-wide academic Specific, Measurable, Attainable, Relevant, & Time-Bound (SMART) goals for the 2023-2024 school year are as follows:

1. Increase the number of students meeting or exceeding grade level expectations on the 2024 New Jersey Student Learning Assessment in English Language Arts Literacy by at least 10%.

2. Increase the number of students meeting or exceeding grade level expectations on the 2024 New Jersey Student Learning Assessment in Mathematics by at least 10%.

3. Maintain at least a 94% average daily attendance for the school year.

4. Elementary school students will have at least one instructional period per week to engage in Science, Technology, Engineering, and Math (STEM) programs of study and extracurricular STEM activities.
5. At least one-third of the district's teaching staff will engage in professional development offerings on Multi-Tiered Systems of Support (MTSS) and the Shelter Instruction Observation Protocol (SIOP).
6. By June of 2024, academic planning teams will be developed to design and establish a timeline for the creation of the following six (6) new high school college and career academies:
 - a. Technology, Engineering, and Communications Academy (TEC)
 - b. Academy of Sports and Entertainment Management
 - c. Liberal Arts Academy
 - d. Design and Construction Academy
 - e. Health Science Academy
 - f. Pre-College Academy
7. By the Fall of 2024, investments will be made in the following areas:
 - Increase classroom learning space for Deanna G. Taylor Academy
 - update outdoor recreational space at Ola Edwards Community School
 - design and create an eSports lab at Hillside High School

Professional development has focused on research-based strategies that help school leaders create exemplary learning environments that center on increasing student engagement, assisting teachers to create a data-driven classroom, leaders and staff in creating an equitable and culturally responsive learning environment, and training the student support teams to recognize students who exhibit anxiety, aggression, and depression. The District invested in STEM Certification coursework for teachers so that our students have more opportunities to engage in STEM courses. The District is the recipient of two (2) New Jersey Department of Education (NJDOE) Mental Health Grants, and key components both grants provide opportunities for teachers and staff to receive professional development strategies that will support mental health strategies in the classroom.

The District has made a substantial investment in security infrastructure. Upgrades to the surveillance monitoring system include new cameras, door alarms, handheld scanners, and school-based security personnel. The district has also hired a Director of Security, an essential human resource who helps to ensure the district school security plan is aligned with industry and New Jersey Department of Education (NJDOE) standards.

The district continues to upgrade our facilities to ensure we provide students with an environment conducive to 21st-century learning environments. Upgrades have included:

- repairing windows in buildings where there is a need,
- upgrading food service equipment in schools that demonstrated a need, and
- the groundbreaking of a new modular installation at Deanna G. Taylor Academy.

- the district also has designs for a new outdoor learning center and playground at Ola Edwards Community School.
- Hillside High School has plans to redesign the current media center into a state-of-the-art eSports arena and innovation lab that will serve as a learning space and regional competition center.

3. INTERNAL ACCOUNTING CONTROLS:

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

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

4. BUDGETARY CONTROLS:

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

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

5. ACCOUNTING SYSTEM AND REPORTS:

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

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Basic Financial Statements,” Note 2. The District has adopted a cash management plan 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. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT:

The District carries various forms of insurance, including, but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

8. OTHER INFORMATION:

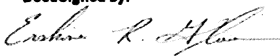
State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board’s finance committee selected the accounting firm of Suplee, Clooney & Company. In addition to meeting the requirements outlined in state statutes, the audit was also designed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

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


9. ACKNOWLEDGMENTS:

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

Respectfully submitted,

DocuSigned by:

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Erskine R. Glover
Superintendent of Schools

DocuSigned by:

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Dr. David Eichenholtz
Board Secretary/Business Administrator

*Office of the Superintendent, Hillside Public Schools
195 Virginia Street, Hillside, New Jersey 07205-2798*

BOARD OF EDUCATION TOWNSHIP OF HILLSIDE

HILLSIDE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2023

MEMBERS OF THE BOARD OF EDUCATION

TERM ENDS

Kimberly Cook, President	2024
Donald Howard, Vice President	2025
Juan Allende	2023
Laquana Best	2025
Cheryl Cillo	2024
Jo-Ann Horton-Givens	2023
Pinchas Shapiro	2025
Joyce Simmons	2023
Calvin Lofton	2024

OTHER OFFICIALS

Mr. Erskine Glover, Superintendent

Dr. David Eichenholtz, Board Secretary/School Business Administrator

Raymond Hamlin, Board Attorney

BOARD OF EDUCATION
TOWNSHIP OF HILLSIDE
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

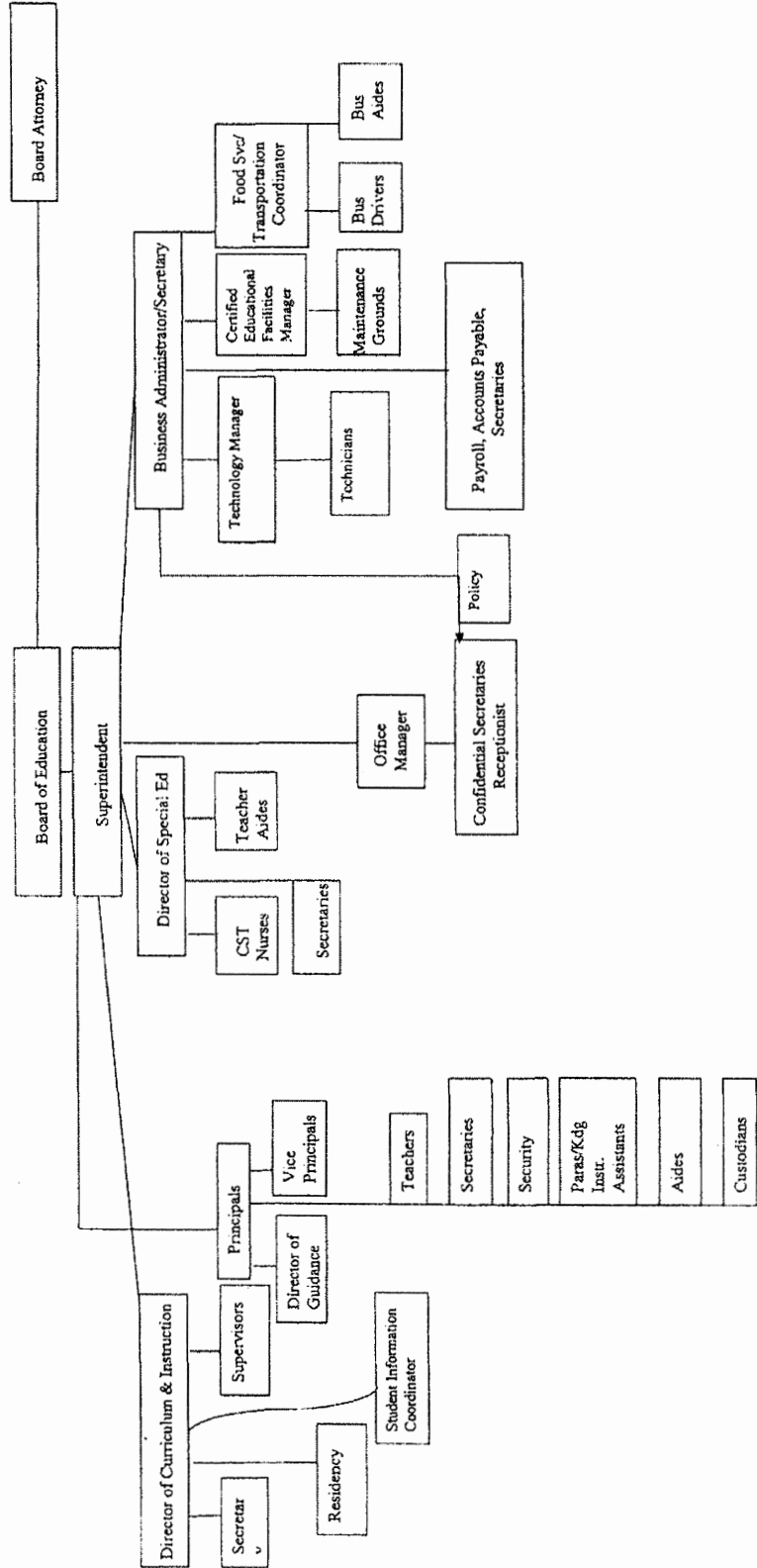
ATTORNEY

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

OFFICIAL DEPOSITORY

Citizens Bank

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



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Township of Hillside School District, in the County of Union, State of New Jersey (the "District") as of and for the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") the audit requirements of State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." 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 and provisions 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.

SUPLEE, CLOONEY & COMPANY LLC

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, for the year ended June 30, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

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 generally accepted auditing standards, the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards* 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 generally accepted auditing standards the Uniform Guidance, the State of New Jersey OMB Circular 15-08 and *Government Auditing Standards*, 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.

SUPLEE, CLOONEY & COMPANY LLC

- 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, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibits M-1 and M-2 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 data such as the combining statements and individual fund financial statements, and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 combining and individual fund financial statements and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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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 April 23, 2024 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

April 23, 2024

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REQUIRED SUPPLEMENTARY INFORMATION – Part I

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The discussion and analysis of the Township of Hillside School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments* issued in June 1999. Certain comparative information between the current fiscal year (2022-2023) and the prior fiscal year (2021-2022) is required to be presented in the MD&A. In fiscal year 2023 the District implemented GASB Statement No. 96-SBITAs.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The state continues to delay the final two state aid payments into the subsequent budget year. Therefore, the final two payments were not reflected on the GAAP basis financial statements for the 2022/2023 school year. The amount of the deferred state aid payments, which were received in July 2023, is \$3,313,860.00.
- General revenues accounted for \$58,905,258.82 or 71% of all revenues. Program specific revenues in the form of charges for services and operating/capital grants and contributions accounted for \$23,711,598.18 or 29% of all revenues.
- The District had \$84,043,025.58 in expenses that were adequately provided for by general revenues consisting primarily of state aid and property taxes.

Using This Annual Comprehensive Financial Report (ACFR)

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023 UNAUDITED

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Table 1 provides a comparative summary of the District's net position for 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Assets:		
Current and Other Assets	\$ 20,146,728.95	\$ 26,986,406.41
Capital Assets	<u>26,989,696.21</u>	<u>24,764,569.32</u>
Total Assets	47,136,425.16	51,750,975.73
 Deferred Outflows:		
Related to Pensions	<u>2,095,279.00</u>	<u>2,041,862.00</u>
 Liabilities:		
Other Liabilities	11,069,546.62	12,218,411.12
Long-Term Liabilities	<u>17,517,326.50</u>	16,130,094.00
Total Liabilities	28,586,873.12	28,348,505.12
 Deferred Inflows:		
Related to Pensions	<u>3,100,027.00</u>	<u>6,473,360.00</u>
 Net Position:		
Net Investment in Capital Assets	23,176,967.00	22,754,467.38
Restricted	5,941,440.68	7,234,940.63
Unrestricted (Deficit)	<u>(11,573,603.64)</u>	<u>(11,018,435.40)</u>
Total Net Position	\$ <u><u>17,544,804.04</u></u>	\$ <u><u>18,970,972.61</u></u>

The District's combined net position was \$17,544,804.04 on June 30, 2023. The District's investment in capital assets is shown net of any related debt used to acquire those assets.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Table 2 shows changes in net assets for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 653,060.99	\$ 425,540.90
Operating Grants and Contributions	23,058,537.19	20,909,236.74
General Revenues:		
Property Taxes	31,136,524.00	30,526,495.00
Grants and Entitlements	27,225,035.00	25,464,151.00
Other	543,699.82	282,153.65
Total Revenues	<u>82,616,857.00</u>	<u>77,607,577.29</u>
Program Expenses		
Instruction	44,512,043.79	42,684,239.71
Support Services:		
Student and Instruction Related	14,103,214.96	9,539,543.59
General Administration	1,049,633.21	984,305.56
School Administration	5,931,036.50	5,226,226.90
Central Services/ Adm. Of Technology	1,359,857.42	1,338,424.66
Maintenance of Facilities	10,290,578.45	8,323,713.54
Student Transportation	3,463,351.72	2,967,188.73
Business Type Activities	2,001,140.78	1,842,036.74
Other	1,332,168.74	999,213.00
Total Expenses	<u>84,043,025.57</u>	<u>73,904,892.43</u>
Increase/ (Decrease) in Net Position	\$ <u>(1,426,168.57)</u>	\$ <u>3,702,684.86</u>

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Government Activities

The public education in New Jersey is funded primarily through property taxes. Property taxes made up 39 percent of revenues for governmental activities in the District. There was a \$610,029.00 increase in property taxes or 1.96 percent from the prior year. The District's total revenues were \$80,616,306.78 for the year ended June 30, 2023.

Instruction comprises 55 percent of district expenses. Support services make up the other 45 percent of the district expenses.

Business-Type Activities

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

- Business type expenses exceeded revenues by \$590.56.
- Revenues consist of \$429,021.30 in operating revenue from charges for services and \$1,571,528.92 in grants and contributions from State, Federal and other sources.

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

Table 3
Net Cost of Services

	Total Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2023	Net Cost of Services 2022
Instruction	\$ 44,512,043.79	\$ 42,684,239.71	\$ 30,822,250.86	\$ 28,228,386.4
Support Services:				
Students and Instruction Related	14,103,214.96	9,539,543.59	8,472,848.28	7,694,032.3
General Administration, School & Central Administration	8,340,527.13	7,548,957.12	7,049,054.05	6,267,562.0
Maintenance of Facilities	10,290,578.45	8,323,713.54	9,688,138.71	7,250,238.4
Student Transportation	3,463,351.72	2,967,188.73	2,966,376.19	2,440,830.4
Other	1,332,168.75	999,213.00	1,332,168.74	999,213.0
Business-Type Activities	<u>2,001,140.78</u>	<u>1,842,036.74</u>	<u>590.56</u>	<u>(310,147.9</u>
Total Net Cost of Services	\$ <u>\$84,043,025.58</u>	\$ <u>\$73,904,892.43</u>	\$ <u>\$60,331,427.39</u>	\$ <u>\$52,570,114.7</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities. Tuition paid to other schools for regular and special education students is also included here.

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

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

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

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

“Other” includes unallocated depreciation and interest on long term debt.

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

The School District’s Funds

All governmental funds (i.e., general fund, special revenue and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Not including the capital projects fund, total revenues amounted to \$84,607,931.79 and expenditures were \$88,338,073.92.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management, which required significant budget adjustments to contend with state aid reductions. The following schedules present a summary of the revenues of the governmental funds, not including the capital projects fund for the fiscal year ended June 30, 2023, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	Percent of <u>Total</u>	Increase (Decrease) <u>from FY2022</u>	Percent Increase <u>(Decrease)</u>
Local Sources	\$ 32,099,293.96	37.94%	\$ 825,777.95	2.91%
State Sources	48,470,006.82	57.29%	6,028,497.32	23.78%
Federal Sources	4,038,631.01	4.77%	455,269.88	30.79%
Total	\$ <u>84,607,931.79</u>	<u>100.00%</u>	\$ <u>7,309,545.15</u>	<u>9.46%</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from FY2022</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 27,647,542.90	31.30%	\$ (755,699.15)	-2.81%
Support Services	57,117,543.49	64.66%	11,428,608.48	16.67%
Capital Outlay	<u>3,572,987.53</u>	<u>4.04%</u>	<u>2,814,144.49</u>	<u>44.06%</u>
Total	<u>\$ 88,338,073.92</u>	<u>100.00%</u>	<u>\$ 13,487,053.82</u>	<u>18.02%</u>

General Fund Budgeting Highlights

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

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

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

Debt Administration

At June 30, 2023, the District had \$17,517,326.50 of outstanding long-term liabilities. Of this amount, \$1,531,851.50 is for compensated absences; \$4,407,000.00 for installment purchase and, \$11,578,475.00 in net pension liability.

Capital Assets

At the end of the fiscal year 2023, the District had a net of \$26,989,696.21 invested in land, building and building improvements, and machinery and equipment. Table 4 shows fiscal year 2023 balances compared to 2022.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Table 4
Capital Assets (Net of Depreciation)

	<u>2023</u>	<u>2022</u>
Governmental Activities Capital Assets, Net:		
Construction in Progress	\$ 2,284,495.74	\$ 2,260,980.85
Building and Building Improvements	23,178,160.38	20,978,404.38
Machinery and Equipment	<u>1,310,287.51</u>	<u>1,355,150.51</u>
Total Governmental Activities Capital Assets, Net	<u>26,772,943.63</u>	<u>24,594,535.74</u>
Business Type Activities Capital Assets, Net:		
Machinery and Equipment	<u>216,752.58</u>	<u>170,033.58</u>
Total Business Type Activities Capital Assets, Net:	<u>216,752.58</u>	<u>170,033.58</u>
 Total Capital Assets, Net	 \$ <u>26,989,696.21</u>	 \$ <u>24,764,569.32</u>

Overall net capital assets increased by \$2,225,126.89 from fiscal year 2022 to fiscal year 2023.

FACTORS BEARING ON THE DISTRICT’S FUTURE

The use of concise and accurate information continues to be a framework for developing a thoroughly considered budget. The overall financial condition of the District has continued to improve from year to year. The district has been able to do so with no tax increase for 5 of the past 6 years. This improvement in the overall financial condition has been due to the sustained diligent review and responsible management of the financial resources of District administration. The District constantly reevaluates its finances to address instructional goals and facility maintenance and improvement needs while responding to the local, state, and national economic pressures.

For the 2022-2023 school year, the Board of Education transferred over \$1,200,000.00 into our capital reserve account. Although the Superintendent, School Business Administrator, and Board of Education collectively assess the financial and programmatic stability of our District, we recognize that our aging infrastructure does require more maintenance and upgrades for our students to remain competitive in the current academic and economic landscape of teaching and learning. This will include an ESports Center in the Hillside High School.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

Capital Reserve money has afforded the district the ability to become more energy efficient by updating/renovating windows, doors, heating, ventilation, and air conditioning (HVAC) systems, classroom furniture, and water filtration system. However, the Superintendent, Business Administrator, and Board of Education recognize that the Hillside Public Schools technology infrastructure is not efficient enough to meet the required needs of today's student learners. Upgrades to our technology network will ensure our technology remains secure from cyber-attacks, and it will ensure that our staff and students have access to uninterrupted technological resources. These upgrades have allowed for technology matters to be simply maintenance items at this point.

The District's assessment of classroom learning environments has demonstrated that many of our classrooms do not match the college & career readiness standards that prepare students for post-secondary work. Future budget allocations will have to account for infrastructure updates that will provide our students with access to equitable and relevant resources that align with current educational learning theories and student learning standards. Dual enrollment courses continue to grow and with as many as 5 higher education institutions.

The sustainability of the District is dependent on all stakeholders realizing that only through ongoing planning, active budget management, and tight financial controls are the challenges faced by the district going to be strategically addressed by senior leadership and the Board of Education. The district will continue to research grant opportunities that will allow our schools to be more energy efficient, and physically safe. Continued upgrades to our security surveillance systems will provide another layer of coverage so that our stakeholders can operate within secure boundaries.

The District leadership will be strategic in the allocation of Capital Reserve funds, and any new projects will align with the priority goals that expand our District's footprint in modernized facilities that strengthen students' access to world-class teaching and learning resources. Ultimately, the District aims to limit the fiscal burden on the Hillside residents, however, to sustain the quality of teaching and learning that is necessary for our students, the District will have to engage with residents about the long-term plans of Hillside Public Schools.

Contacting the School District's Financial Management Office

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Dr. David Eichenholtz, Business Administrator/Board Secretary, Hillside Board of Education, 195 Virginia Street, Hillside, NJ 07205. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2023

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$10,870,501.83		\$10,870,501.83
Receivables, net	3,396,300.45	338,878.74	3,735,179.19
Internal balances	(712,602.82)	712,602.82	
Inventory		40,854.19	40,854.19
Restricted-cash and cash equivalents	5,500,193.74		5,500,193.74
Capital assets:			
Non Depreciable	2,284,495.74		2,284,495.74
Depreciable - Net	<u>24,488,447.89</u>	<u>216,752.58</u>	<u>24,705,200.47</u>
Total Assets	45,827,336.83	1,309,088.33	47,136,425.16
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pension	<u>2,095,279.00</u>		<u>2,095,279.00</u>
LIABILITIES:			
Cash deficit		191,007.64	191,007.64
Accounts payable	3,640,329.88	107,506.69	3,747,836.57
Accrued liability for insurance claims	903,704.72		903,704.72
Payable to state government	36,496.40		36,496.40
Unearned revenue	4,186,157.08	13,277.16	4,199,434.24
Payroll deductions and withholdings payable	1,991,067.05		1,991,067.05
Noncurrent liabilities:			
Due within one year			
Installment purchases payable	194,000.00		194,000.00
Due beyond one year			
Net pension liability	11,578,475.00		11,578,475.00
Installment purchases payable	4,213,000.00		4,213,000.00
Compensated absences payable	<u>1,531,851.50</u>		<u>1,531,851.50</u>
Total liabilities	28,275,081.63	<u>311,791.49</u>	28,586,873.12
DEFERRED INFLOWS OF RESOURCES:			
Related to pension	<u>3,100,027.00</u>		<u>3,100,027.00</u>
NET POSITION:			
Net Investment in capital assets	22,960,214.42	216,752.58	23,176,967.00
Restricted for:			
Special revenue	126,860.95		126,860.95
Capital projects	5,500,193.74		5,500,193.74
Other purposes	314,385.99		314,385.99
Unrestricted (deficit)	<u>(12,354,147.90)</u>	<u>780,544.26</u>	<u>(11,573,603.64)</u>
Total net position	<u>\$16,547,507.20</u>	<u>\$997,296.84</u>	<u>\$17,544,804.04</u>

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 20,268,299.28	\$ 6,081,004.25	\$ 7,729,813.05	\$ (18,619,490.48)	\$ (18,619,490.48)	\$ (18,619,490.48)	
Special	9,325,739.49	2,988,137.90	5,121,366.21	(7,192,511.18)	(7,192,511.18)	(7,192,511.18)	
Other Instruction	4,156,353.14	1,692,509.73	838,613.67	(5,010,249.20)	(5,010,249.20)	(5,010,249.20)	
Support services:							
Student & instruction related services	10,593,930.89	3,509,284.07	224,039.69	5,406,326.99	(8,472,848.28)	(8,472,848.28)	
General administrative services	788,386.98	261,246.23		153,510.50	(896,122.71)	(896,122.71)	
School administrative services	3,617,909.78	2,313,126.72		1,030,591.22	(4,900,445.28)	(4,900,445.28)	
Central services	720,532.60	367,759.98		97,801.15	(990,491.43)	(990,491.43)	
Administration information technology	152,599.29	118,965.55		9,570.21	(261,994.63)	(261,994.63)	
Plant operations and maintenance	7,978,171.93	2,312,406.52		602,439.74	(9,688,138.71)	(9,688,138.71)	
Pupil transportation	3,305,885.20	157,466.52		496,975.53	(2,966,376.19)	(2,966,376.19)	
Unallocated benefits	19,444,327.48	(19,444,327.48)					
Unallocated depreciation and amortization	1,509,276.00				(1,151,696.00)	(1,151,696.00)	
Interest on Long-Term Debt	180,472.74				(180,472.74)	(180,472.74)	
Total governmental activities	82,041,884.80	224,039.69	21,487,008.27	(60,330,836.83)	(60,330,836.83)	(60,330,836.83)	
Business-type activities							
Food Service	2,001,140.78		429,021.30	1,571,528.92	(590.56)	(590.56)	
Total business-type activities	2,001,140.78		429,021.30	1,571,528.92	(590.56)	(590.56)	
Total primary government	\$ 84,043,025.58	\$ 224,039.69	\$ 23,068,537.19	\$ (60,330,836.83)	\$ (60,331,427.39)	\$ (60,331,427.39)	
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net				\$ 31,136,524.00	\$ 31,136,524.00	\$ 31,136,524.00	
Federal and state aid not restricted				27,225,035.00	27,225,035.00	27,225,035.00	
Miscellaneous income				543,699.82	543,699.82	543,699.82	
Total general revenues and special items				\$ 58,905,258.82	\$ 58,905,258.82	\$ 58,905,258.82	
Change in net position				(1,425,578.01)	(590.56)	(1,426,168.57)	
Net Position- beginning				\$ 17,973,085.21	\$ 997,887.40	\$ 18,970,972.61	
Net Position ending				\$ 16,547,507.20	\$ 997,296.84	\$ 17,544,804.04	

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and cash equivalents	\$ 8,445,616.96	\$ 1,826,457.55	\$ 598,427.32	\$ 10,870,501.83
Accounts receivable:				
Federal		2,359,679.99		2,359,679.99
State	839,982.15	3,677.50		843,659.65
Local		192,960.81		192,960.81
Interfunds	4,156.53			4,156.53
Restricted-cash and cash equivalents	<u>5,500,193.74</u>			<u>5,500,193.74</u>
 Total assets	 <u>\$ 14,789,949.38</u>	 <u>\$ 4,382,775.85</u>	 <u>\$ 598,427.32</u>	 <u>\$ 19,771,152.55</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 2,297,091.46	\$ 399,997.42		\$ 2,697,088.88
Accrued liability for insurance claims	903,704.72			903,704.72
Interfund payable	712,602.82		4,156.53	716,759.35
Payroll deductions and withholdings payable	1,991,067.05			1,991,067.05
Intergovernmental payables:				
State		36,496.40		36,496.40
Unearned revenue		<u>4,186,157.08</u>		<u>4,186,157.08</u>
 Total liabilities	 <u>5,904,466.05</u>	 <u>4,622,650.90</u>	 <u>4,156.53</u>	 <u>10,531,273.48</u>
Fund balances:				
Restricted for:				
Capital reserve account	5,500,193.74			5,500,193.74
Excess surplus	508,400.00			508,400.00
Capital projects			157,589.74	157,589.74
Scholarships		2,911.13		2,911.13
Student Activities		123,949.82		123,949.82
Unemployment	192,849.08			192,849.08
Assigned:				
Year-end encumbrances	888,585.58		436,681.05	1,325,266.63
SEMI FFCRA-Designated for subsequent years	1,164.93			1,164.93
Designated for subsequent years expenditures	1,794,290.00			1,794,290.00
Unassigned/(Deficit)		<u>(366,736.00)</u>		<u>(366,736.00)</u>
 Total fund balances(Deficit)	 <u>8,885,483.33</u>	 <u>(239,875.05)</u>	 <u>594,270.79</u>	 <u>9,239,879.07</u>
 Total liabilities and fund balances	 <u>\$ 14,789,949.38</u>	 <u>\$ 4,382,775.85</u>	 <u>\$ 598,427.32</u>	 <u>\$ 19,771,152.55</u>

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Total Fund Balances (Brought Forward)	\$	9,239,879.07
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of assets	\$ 47,166,013.60	
Accumulated depreciation	<u>(20,393,069.97)</u>	26,772,943.63
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net pension liability	(11,578,475.00)	
Installment purchases payable	(4,407,000.00)	
Compensated absences payable	<u>(1,531,851.50)</u>	(17,517,326.50)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		2,095,279.00
Deferred Inflows:		
Pension related		(3,100,027.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts payable - pension related		<u>(943,241.00)</u>
Net Position of Governmental Activities	\$	<u><u>16,547,507.20</u></u>

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$	31,136,524.00	\$	\$	\$ 31,136,524.00
Miscellaneous		543,699.82	419,070.14	0.00	962,769.96
Total - local sources	0.00	31,680,223.82	419,070.14	0.00	32,099,293.96
State sources	0.00	44,057,716.30	4,412,290.52		48,470,006.82
Federal sources	0.00	54,376.48	3,984,254.53		4,038,631.01
Total revenues		75,792,316.60	8,815,615.19	0.00	84,607,931.79
EXPENDITURES:					
Current expense:					
Regular instruction		15,393,511.26	4,249,149.44		19,642,660.70
Special instruction		4,327,774.96	908,244.10		5,236,019.06
Other Instruction		2,767,059.18	1,803.96		2,768,863.14
Support services:					
Tuition		4,715,359.01			4,715,359.01
Student & instruction related services		6,905,412.08	3,688,518.81		10,593,930.89
General administrative services		788,386.98			788,386.98
School administrative services		3,617,909.78			3,617,909.78
Central services		720,532.60			720,532.60
Administrative information technology		152,599.29			152,599.29
Plant operations and maintenance		6,470,713.76			6,470,713.76
Student transportation		3,305,885.20			3,305,885.20
Unallocated benefits		25,364,735.98			25,364,735.98
Capital outlay		3,286,495.97	286,491.56	1,937,627.27	5,510,614.80
Transfer to Charter School		1,387,490.00			1,387,490.00
Total expenditures		79,203,866.05	9,134,207.87	1,937,627.27	90,275,701.19
			0.00		
Excess (deficiency) of revenues over (under) expenditures		(3,411,549.45)	(318,592.68)	(1,937,627.27)	(5,667,769.40)
Other financing sources (uses):					
Local Contrib. - Trans to Special Rev- Inclusion		(340,200.00)	340,200.00		
Total other financing sources		(340,200.00)	340,200.00	0.00	0.00
Net change in fund balances		(3,751,749.45)	21,607.32	(1,937,627.27)	(5,667,769.40)
Fund balances, July 1, (Deficit)		12,637,232.78	(261,482.37)	2,531,898.06	14,907,648.47
Fund balances, June 30, (Deficit)	\$	8,885,483.33	\$ (239,875.05)	\$ 594,270.79	\$ 9,239,879.07

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

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

Total net change in fund balances - governmental funds (from B-2)	\$	(5,667,769.40)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period		
Depreciation expense	\$ (1,509,276.00)	
Capital outlays	5,510,614.80	
Less: Capital outlays not capitalized	<u>(1,822,930.91)</u>	2,178,407.89
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Payment of installment purchase principal	<u>135,000.00</u>	135,000.00
Bond Issue costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the statement of activities the costs are amortized over the life of the Bonds		
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	967,507.00	
Add: Pension benefit	<u>911,824.00</u>	<u>1,879,331.00</u>
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
(Increase)/ Decrease in compensated absences payable		<u>49,452.50</u>
Change in net position of governmental activities	\$	<u><u>(1,425,578.01)</u></u>

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

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OTHER FUNDS

EXHIBIT "B-4"

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

BUSINESS-TYPE
ACTIVITIES
ENTERPRISE FUND

FOOD SERVICE

ASSETS:

Current assets:

Accounts receivable:

Federal	\$	243,473.46
State		9,749.38
Other		85,655.90
Interfunds		712,602.82
Inventories		40,854.19

Total current assets 1,092,335.75

Noncurrent assets:

Furniture, machinery and equipment	673,492.16
Less accumulated depreciation	<u>(456,739.58)</u>

Total noncurrent assets 216,752.58

Total assets 1,309,088.33

LIABILITIES:

Current liabilities:

Cash deficit	191,007.64
Accounts payable	107,506.69
Unearned revenue	<u>13,277.16</u>

Total current liabilities 311,791.49

Total liabilities 311,791.49

NET POSITION:

Net Investment in capital assets	216,752.58
Unrestricted	<u>780,544.26</u>

Total net position \$ 997,296.84

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>
OPERATING REVENUES:	
Charges for services:	
Daily sales	\$ 128,078.36
Daily sales - non-reimbursable programs	<u>300,942.94</u>
Total Operating Revenues	<u>429,021.30</u>
OPERATING EXPENSES:	
Cost of sales-reimbursable	616,209.47
Cost of sales-non reimbursable	59,913.29
Salaries	743,266.69
Employee benefits / taxes	173,365.87
Other purchase property services (repairs)	54,456.43
Other purchased services	47,204.92
Supplies and materials	268,595.11
Depreciation	<u>38,129.00</u>
Total operating expenses	<u>2,001,140.78</u>
Operating Income (Loss)	<u>(1,572,119.48)</u>
NON-OPERATING REVENUES:	
State Sources	
State school lunch program	43,894.16
State school breakfast program	5,105.63
Federal Sources	
National school lunch program	843,906.54
National school breakfast program	313,855.06
After School Snack	25,328.16
P-EBT Administrative Cost Reimbursement	3,256.00
Supply chain assistance	147,208.72
Summer Food Service Program	34,184.24
National food distribution commodities	<u>154,790.41</u>
Total non-operating revenues	<u>1,571,528.92</u>
Net income/(loss)	<u>(590.56)</u>
Change in net position	(590.56)
Total net position - beginning	<u>997,887.40</u>
Total net position - ending	<u>\$ 997,296.84</u>

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 373,825.38
Payments to employees and employee benefits	(167,086.23)
Payments to suppliers	<u>(1,828,117.38)</u>
Net cash provided by (used for) operating activities	<u>(1,621,378.23)</u>
Cash flows from noncapital financing activities:	
State Sources	45,948.87
Federal Sources	1,500,758.28
Miscellaneous -Interfunds	<u>(422,487.39)</u>
Net cash provided by noncapital financing activities:	<u>1,124,219.76</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(84,848.00)</u>
Net cash provided by (used for) capital and related financing activities	<u>(84,848.00)</u>
Net decrease in cash and cash equivalents	<u>(582,006.47)</u>
Cash and cash equivalents, July 1,	<u>390,998.83</u>
Cash and cash equivalents, June 30, (deficit)	\$ <u><u>(191,007.64)</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (1,572,119.48)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	38,129.00
National food distribution commodities	154,790.41
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(178,026.53)
Increase (decrease) in interfunds	(54,052.09)
Increase (decrease) in unearned revenue	(1,143.83)
(Increase) decrease in inventories	<u>(8,955.71)</u>
	<u>(49,258.75)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(1,621,378.23)</u></u>

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Township of Hillside School District is a Type II District located in Union County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one high school, one middle school four elementary schools and an early learning center. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

District-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

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

Debt Service Fund - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide and Proprietary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt, installment purchases and acquisitions under leases are reported as other financing sources.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 totaled \$852,481.00, representing prior unbudgeted state aids, and other approved modifications. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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

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

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

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

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

Compensated Absences

The District accounts for compensated absences (e.g., unused sick days) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Scholarships, Student Activities, Unemployment and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accounting and Financial Reporting for Pensions

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expense for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pensions.

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2023, the District has implemented GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB Statement No. 96 defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding liability; provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosure regarding SBITAs.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

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

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Hillside School District had the following cash and cash equivalents at June 30, 2023:

Fund Type:	<u>Bank Balance</u>	Reconciling Items:		<u>Reconciled Balance</u>
		<u>Additions</u>	<u>Reductions</u>	
Governmental	\$20,640,300.75	\$623,108.19	\$4,892,713.37	\$16,370,695.57
Proprietary	<u>439,037.03</u>	<u> </u>	<u>630,044.67</u>	<u>(191,007.64)</u>
	<u>\$21,079,337.78</u>	<u>\$623,108.19</u>	<u>\$5,522,758.04</u>	<u>\$16,179,687.93</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$20,829,337.78 was covered under the provisions of NJGUDPA.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

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

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

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

Investments (Continued)

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2023, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$2,260,980.85	\$970,851.62	(\$947,336.73)	\$2,284,495.74
Total Capital Assets not being depreciated	<u>2,260,980.85</u>	<u>970,851.62</u>	<u>(947,336.73)</u>	<u>2,284,495.74</u>
Buildings and Building Improvements	\$35,396,844.70	2,404,115.27	947,336.73	38,748,296.70
Machinery and Equipment	5,820,504.16	312,717.00		6,133,221.16
Totals at historical cost	<u>41,217,348.86</u>	<u>2,716,832.27</u>	<u>947,336.73</u>	<u>44,881,517.86</u>
Gross Assets (Memo only)	<u>43,478,329.71</u>	<u>3,687,683.89</u>		<u>47,166,013.60</u>
Less: Accumulated Depreciation				
Buildings and Building Improvements	(14,418,440.32)	(1,151,696.00)		(15,570,136.32)
Machinery and Equipment	(4,465,353.65)	(357,580.00)		(4,822,933.65)
Total Depreciation	<u>(18,883,793.97)</u>	<u>(1,509,276.00)</u>		<u>(20,393,069.97)</u>
Total capital assets being depreciated, net of depreciation	<u>22,333,554.89</u>	<u>1,207,556.27</u>	<u>947,336.73</u>	<u>24,488,447.89</u>
Total Governmental Activities, net	<u>\$24,594,535.74</u>	<u>\$2,178,407.89</u>		<u>\$26,772,943.63</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	Transfers/ <u>Deletions</u>	Ending <u>Balance</u>
Proprietary Activities:				
Machinery and Equipment	<u>\$588,643.58</u>	<u>\$84,848.00</u>	<u> </u>	<u>\$673,491.58</u>
Totals at historical cost	<u>588,643.58</u>	<u>84,848.00</u>	<u> </u>	<u>673,491.58</u>
Less: Accumulated Depreciation				
Machinery and Equipment	<u>(418,610.00)</u>	<u>(38,129.00)</u>	<u> </u>	<u>(456,739.00)</u>
Total Depreciation	<u>(418,610.00)</u>	<u>(38,129.00)</u>	<u> </u>	<u>(456,739.00)</u>
Total Proprietary Activities, net	<u><u>\$170,033.58</u></u>	<u><u>\$46,719.00</u></u>	<u><u> </u></u>	<u><u>\$216,752.58</u></u>

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

Instruction:	
Regular	\$69,506.29
Special Education Instruction	20,800.95
Other Instruction	14,344.76
Support services:	
Student and instruction related services	60,518.00
General administrative services	2,149.00
School administrative services	29,027.00
Central Services and Information Technology	82,295.00
Plant operations and maintenance	49,560.00
Pupil transportation	29,379.00
Direct Expense of various functions	<u>1,151,696.00</u>
	<u><u>\$1,509,276.00</u></u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2023, the District had no bonds or notes authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2023:

	Balance, <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
Net Pension Liability	\$10,006,790.00	\$1,571,685.00		\$11,578,475.00	
Compensated Absence	1,581,304.00		(\$49,452.50)	1,531,851.50	
Installment Purchases Payable	<u>4,542,000.00</u>		<u>(135,000.00)</u>	<u>4,407,000.00</u>	<u>\$194,000.0</u>
Total	<u>\$16,130,094.00</u>	<u>\$1,571,685.00</u>	<u>(\$184,452.50)</u>	<u>\$17,517,326.50</u>	<u>\$194,000.0</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Capacity

Under New Jersey Statutes the District may incur debt in an amount not to exceed 3% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2023, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2022	\$2,397,025,153
2021	2,608,314,484
2020	<u>2,918,210,255</u>
	<u><u>\$7,923,549,892</u></u>
Average equalized valuation	<u><u>\$2,641,183,297</u></u>
School borrowing margin (4% of \$2,641,183,297)	\$105,647,332
Net school debt as of June 30 2023	<u>-0-</u>
School borrowing power available	<u><u>\$105,647,332</u></u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A, 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2023	\$967,507.00	100.00%	\$967,507.00
2022	989,247.00	100.00%	989,247.00
2021	916,118.00	100.00%	916,118.00

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 5: PENSION PLANS (CONTINUED)

During the fiscal years ended June 30, 2023, 2022, and 2020, the State of New Jersey contributed \$9,189,528.00, \$8,426,598.00 and \$5,918,169.00 respectively, excluding post-retirement medical and long-term disability insurance, to the TPAF pension system on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66 during the years ended June 30, 2023, 2022 and 2020, the State of New Jersey reimbursed the District \$2,075,226.30, \$1,891,701.26 and \$1,894,501.46 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

NOTE 6: ACCOUNTING AND REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$11,578,475.00 for the District's proportionate share of the total net pension liability. 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. 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 employers, actuarially determined. At June 30, 2022, the District's proportion was 0.0767224549 percent, which was a decrease of 0.0077479827 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension benefit of \$911,823.00 in the government-wide financial statements. This pension benefit was based on the pension plan's June 30, 2022 measurement date.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 83,568.00	\$ 73,695.00
Changes of assumptions	35,874.00	1,733,756.00
Net difference between projected and actual earnings on pension plan investments	479,223.00	
Changes in proportion and differences between District contributions and proportionate share of contributions	553,373.00	1,292,576.00
District contributions subsequent to the measurement date	<u>943,241.00</u>	
	\$ <u>2,095,279.00</u>	\$ <u>3,100,027.00</u>

The \$943,241.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other local amounts reported by the State as the District's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2023	(\$1,141,030.60)
2024	(653,837.60)
2025	(394,605.60)
2026	390,507.40
2027	<u>(149,022.60)</u>
	<u>(\$1,947,989.00)</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market 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. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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 on 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 total pension liability.

Sensitivity of the District's proportionate share of net pension liability to changes in the discount rate

The following presents the District's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$14,874,948.00	\$11,578,475.00	\$8,773,043.00

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2023 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>117,561,930.00</u>
	<u><u>\$117,561,930.00</u></u>

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 June 30, 2021 which was rolled forward to June 30, 2022. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2022, the proportion of the TPAF net pension liability associated with the District was .2278578561% which was an increase of .0023337032 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue of \$3,163,920.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2022 measurement date.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTING AND REPORTING FOR PENSIONS – GASB 68 (CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

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	1.55%-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on 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.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

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>Assets 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 Market Equity	5.50%	10.33%
Private Equity	13.00%	11.19%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 by visiting <http://www.state.nj.us/treasury/pensions>.

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>364,817</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2023 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	96,657,054
	96,657,054
	\$96,657,054

The total Non-Employer 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.

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

For the year ended June 30, 2023, the District recognized on-behalf post-employment expense and revenue of \$4,566,264.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2022 measurement date.

At June 30, 2023, the District's proportion was .1908466028 percent, which was an increase of .0011952331 from its proportion measured as of June 30, 2022.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability that was associated with the District as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

	<u>June 30, 2022</u>		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases	2.75-4.25%*	2.75-6.55%*	3.25-16.25%*

*- Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 was 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.

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 to June 30, 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 trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Input (Continued)

Discount Rate

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

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2021 to June 30, 2022.

Balance at 6/30/21		\$113,805,332
Changes for the year:		
Service cost	\$6,242,375	
Interest	2,561,519	
Changes of Benefit Terms		
Differences between expected and actual experience	2,432,813	
Changes in assumptions or other inputs	(25,929,122)	
Membership Contributions	81,397	
Benefit payments - Net	(2,537,260)	
Net changes		(17,148,278)
Balance at 6/30/22		\$96,657,054

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1.00% <u>Decrease (2.54%)</u>	At Discount Rate (3.54%)	1.00% <u>Increase (4.54%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$113,610,200	\$96,657,054	\$83,069,955

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$79,892,963	\$96,657,054	\$118,677,705

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 17,257,118	\$ 29,510,516
Changes of assumptions	16,728,889	32,896,781
Changes in proportion	<u>3,438,378</u>	<u>294,548</u>
	<u>\$ 37,424,385</u>	<u>\$ 62,701,845</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Amount</u>
2023	(\$4,175,132)
2024	(4,175,132)
2025	(4,175,132)
2026	(3,523,006)
2027	(1,745,272)
Total Thereafter	<u>(7,483,786)</u>
	<u>(\$25,277,460)</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2022-2023 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 10: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance - The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following table is a summary of District balance of the District's expendable trust fund for the current and previous two years:

Year Ended <u>June 30,</u>	Ending <u>Balance</u>
2023	\$192,849.08
2022	192,849.08
2021	192,849.08

Health Benefits - The District provides health benefits to employees through a minimum premium insurance policy. The incurred but not reported liability ("IBNR") actuarially computed was \$903,704.72 at June 30, 2023. It was also noted that the entire IBNR is adjusted for changes in estimate at year end and such changes are reflected in the district's budget and the entire liability is treated as a liability for budgetary purposes.

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2023, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,531,851.50.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2023 no liability existed for compensated absences in the proprietary funds.

NOTE 12: FUND BALANCE APPROPRIATED – GAAP BASIS

General Fund The table below reflects the District’s Fund Balance at June 30, 2023 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u>			<u>GAAP</u>
	<u>Basis</u>	<u>Adjustment</u>		<u>Basis</u>
Restricted:				
Excess Surplus:				
Current Year	\$ 508,400.00	\$	\$	508,400.00
Capital Reserve	5,500,193.74			5,500,193.74
State Unemployment Insurance	192,849.08			192,849.08
Assigned:				
Designated for Subsequent Year's Expenditures	1,794,290.00			1,794,290.00
SEMI/FFCRA - designated for subsequent year expenditure	1,164.93			1,164.93
Encumbrances	1,778,907.81	(890,322.23)		888,585.58
Unassigned	<u>2,056,801.77</u>	<u>(2,056,801.77)</u>		<u> </u>
	\$ <u>11,832,607.33</u>	\$ <u>(2,947,124.00)</u>	\$	<u>8,885,483.33</u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30, 2023	\$	79,203,866.05
Increased by:		
Transfer from General Fund to SRF for Preschool		340,200.00
		<u>79,544,066.05</u>
Less:		
On-Behalf TPAF Pension & Social Security		13,800,877.30
Adjusted General Fund Expenditures		65,743,188.75
Excess Surplus Percentage		2.00%
		<u>1,314,863.78</u>
Increased by:		
Extraordinary Aid (unbudgeted)	\$	<u>741,938.00</u>
		<u>741,938.00</u>
Maximum Unreserved/Undesignated General Fund Balance		2,056,801.78
Actual Unassigned General Fund Balance		<u>2,565,201.77</u>
Excess Surplus		<u><u>508,400.00</u></u>
Recapitulation of Excess Surplus as of June 30, 2023		
Restricted for Excess Surplus		<u>508,400.00</u>
	\$	<u><u>508,400.00</u></u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve during the year ended June 30, 2023, is as follows:

Balance, July 1, 2022		\$	6,660,492.86
Deposits:			
Interest Earnings	\$		14,529.66
Board Resolution		<u>1,603,759.22</u>	
			<u>1,618,288.88</u>
			8,278,781.74
Withdrawals:			
Current Year Budget(Net)			<u>2,778,588.00</u>
 Balance, June 30, 2023		 \$	 <u><u>5,500,193.74</u></u>

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 15: DEFICIT FUND BALANCE

The District has a deficit of fund balance of \$366,736.00 in the Special Revenue Fund as of June 30, 2023 as reported in the GAAP fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry; *i.e.*, if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the delayed state aid payments in the subsequent fiscal year, the school district cannot recognize the delayed state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the delayed state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

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

NOTE 16: INVENTORY

Inventory in the Food Service Fund at June 30, 2023 consisted of the following:

Food and Supplies	<u>\$40,854.19</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 17: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2023.

Township of Hillside School District
Notes to the Financial Statements
June 30, 2023

NOTE 18: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$4,156.53	\$712,602.82
Capital Projects Fund		4,156.53
Enterprise Funds	<u>712,602.82</u>	<u> </u>
	<u>\$716,759.35</u>	<u>\$716,759.35</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 19: SUBSEQUENT EVENTS

The District has evaluated material subsequent events occurring after the financial statement date through April 23, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that there are no items required to be disclosed in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 31,136,524.00	\$	\$ 31,136,524.00	\$ 31,136,524.00	\$ 30,669.00
Rents and Royalties	304,000.00		304,000.00	498,501.16	194,501.16
Unrestricted Miscellaneous Revenues	5,295.00		5,295.00	14,529.66	9,234.66
Interest Earned on Capital Reserve Funds					
Total Local Sources	31,445,819.00		31,445,819.00	31,680,223.82	234,404.82
State Sources:					
Categorical Transportation Aid	460,771.00		460,771.00	460,771.00	
Extraordinary Aid				741,938.00	741,938.00
Categorical Special Education Aid	1,827,031.00		1,827,031.00	1,827,031.00	
Equalization Aid	26,302,377.00		26,302,377.00	26,302,377.00	
Categorical Security Aid	1,089,465.00		1,089,465.00	1,089,465.00	
On-behalf TPAF Contributions-non-budgeted				9,057,621.00	9,057,621.00
Reimbursed TPAF N.C.G.I.-non-budgeted				131,907.00	131,907.00
Post Retirement Medical-non budgeted				2,075,226.30	2,075,226.30
Long Term Disability Insurance				2,532,281.00	2,532,281.00
Total State Sources	29,679,644.00		29,679,644.00	44,222,459.30	14,542,815.30
Federal Sources:					
Medicaid Reimbursement	71,531.00		71,531.00	54,376.48	(17,154.52)
Total Federal Sources	71,531.00		71,531.00	54,376.48	(17,154.52)
Total Revenues	61,196,984.00		61,196,984.00	75,957,059.60	14,760,065.60

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - Regular Programs:					
Kindergarten	\$ 785,703.25	\$ (116,521.13)	\$ 669,182.12	\$ 702,774.72	\$ (33,592.60)
Grades 1-5	4,914,293.12	157,666.65	5,071,959.77	5,252,074.50	(180,114.73)
Grades 6-8	3,176,194.20	(240,310.69)	2,935,883.51	2,882,757.53	53,125.98
Grades 9-12	5,587,725.30	107,744.88	5,695,470.18	5,508,650.59	186,819.59
Salaries of teachers		33,476.70	33,476.70	28,365.50	5,111.20
Purchased professional educational services	17,700.00	18,361.95	36,061.95	36,061.95	
Regular programs - undistributed instruction:					
Purchased professional - educational services	395,715.87	(114,037.49)	281,678.38	205,907.02	75,771.36
Other purchased services (400 - 500 series)	311,319.00	(156,440.81)	154,878.19	153,340.18	1,538.01
General supplies	611,098.00	68,496.61	679,594.61	554,460.01	125,134.60
Textbooks	72,500.00	(12,853.54)	59,646.46	26,885.81	32,760.65
Other objects	24,971.00	25,067.27	50,038.27	42,233.45	7,804.82
Total Instruction - Regular Programs	15,897,219.74	(229,349.60)	15,667,870.14	15,393,511.26	274,358.88
Learning and/or Language Disabilities:					
Salaries of Teachers	98,038.87	178,066.09	276,104.96	289,915.82	(13,810.86)
Other salaries for instruction	169,560.33	(14,238.00)	155,322.33	79,355.32	75,967.01
General Supplies	1,000.00	(403.60)	596.40	591.30	5.10
Total Learning and/or Language Disabilities	268,599.20	163,424.49	432,023.89	369,862.44	62,161.25
Multiple Disabilities:					
Salaries for Teachers	240,859.00	76,597.18	317,456.18	314,213.33	3,242.85
Other Salaries for Instruction	180,590.02	(56.11)	180,533.91	74,772.50	105,817.52
General Supplies	6,845.18		6,789.07	6,653.65	135.42
Total Multiple Disabilities	428,294.20	76,541.07	504,835.27	395,639.48	109,195.79
Resource Room / Resource Center:					
Salaries of Teachers	2,909,924.75		2,909,924.75	2,527,273.45	382,651.30
Other salaries for instruction	202,124.38		202,124.38	181,131.57	20,992.81
General Supplies	5,436.30	505.62	5,941.92	5,707.87	234.05
Textbooks		172.04	172.04	172.04	
Total Resource Room / Resource Center	3,117,485.43	677.66	3,118,163.09	2,714,284.93	403,878.16

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Autism:					
Salaries of Teachers	\$ 155,767.92	\$ 52,513.39	\$ 208,281.31	\$ 191,401.36	\$ 16,879.95
Other Salaries for Instruction	185,287.60	57,882.53	243,170.13	234,030.98	9,139.15
General Supplies	8,100.00	(3,212.11)	4,887.89	4,887.89	
Total Autism	349,155.52	107,183.81	456,339.33	430,320.23	26,019.10
Preschool Disabilities - Full - Time:					
Salaries of Teachers	228,094.64	5,063.50	233,158.14	208,702.44	24,455.70
Other Salaries for Instruction	178,852.00		178,852.00	170,203.01	8,648.99
Supplies and Materials	4,380.00	(2,376.57)	2,003.43	2,003.43	
Total Preschool Disabilities - Full - Time	411,326.64	2,686.93	414,013.57	380,908.88	33,104.69
Home Instruction:					
Salaries of Teachers	8,190.00	17,437.00	25,627.00	30,502.00	(4,875.00)
Purchased Professional-Educational Services	6,257.00		6,257.00	6,257.00	
Total Home Instruction	14,447.00	17,437.00	31,884.00	36,759.00	(4,875.00)
Total Special Education	4,589,307.99	367,950.96	4,957,258.95	4,327,774.96	629,483.99
Basic Skills / Remedial:					
Salaries of Teachers	1,300,325.24	120,554.78	1,420,880.02	894,214.08	526,665.94
Total Basic Skills / Remedial	1,300,325.24	120,554.78	1,420,880.02	894,214.08	526,665.94
Bilingual Education Instruction:					
Salaries of Teachers	908,570.00	(859.92)	908,570.00	843,611.46	64,958.54
General Supplies	1,800.00		940.08	938.49	1.59
Total Bilingual Education Instruction	910,370.00	(859.92)	909,510.08	844,549.95	64,960.13
School Sponsored Co-Curricular Activities:					
Salaries	280,194.75	6,156.00	286,352.75	164,266.48	122,086.27
Supplies and Materials	11,300.00		11,300.00	6,363.85	4,936.15
Other Objects	500.00		500.00	500.00	500.00
Total School Sponsored Co-Curricular Activities	291,994.75	6,156.00	298,152.75	170,630.33	127,522.42

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
School Sponsored Athletics:					
Salaries	\$ 654,430.24	\$ 26,056.45	\$ 680,486.69	\$ 580,057.67	\$ 100,429.02
Purchased Services (300-500 Series)	71,096.85	(2,465.97)	68,630.88	68,036.92	593.96
Supplies and Materials	106,969.39	(12,498.23)	94,471.16	78,399.18	16,071.98
Other Objects	50,788.00	17,075.25	67,863.25	61,398.27	6,464.98
Total School Sponsored Athletics	883,284.48	28,167.50	911,451.98	787,892.04	123,559.94
Before/After School Programs Instruction:					
Salaries of Teacher Tutors	114,727.45	16,410.00	131,137.45	68,579.90	62,557.55
Total Before/After School Programs Instruction	114,727.45	16,410.00	131,137.45	68,579.90	62,557.55
Total Before/After School Programs	114,727.45	16,410.00	131,137.45	68,579.90	62,557.55
Summer School Instruction:					
Salaries	380,871.88		380,871.88	1,192.88	379,679.00
Total Summer School Instruction	380,871.88		380,871.88	1,192.88	379,679.00
Total Summer School	380,871.88		380,871.88	1,192.88	379,679.00
Total Other Instructional Programs	3,881,573.80	170,430.36	4,052,004.16	2,767,059.18	1,284,944.98
Total - Instruction	24,368,101.53	309,031.72	24,677,133.25	22,488,345.40	2,188,787.85
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's within the State - Regular	98,000.00	(70,138.82)	27,861.18	27,861.18	
Tuition to Other LEA's within the State - Special	1,444,863.00	(27,626.89)	1,417,236.11	1,412,304.11	4,932.00
Tuition to County Vocational School District - Regular	362,000.00	65,400.00	427,400.00	427,400.00	
Tuition to CSSD & Regional Day Schools	188,000.00	(83,952.60)	104,047.40	104,047.40	
Tuition to Private Schools for the Handicapped w/in State	2,501,067.00	170,052.52	2,671,119.52	2,668,016.32	3,103.20
Tuition to Private School Disabled & Other LEAs - Spl. O/S St	17,828.00	(8,428.00)	9,400.00	9,400.00	
Tuition - State Facilities	40,270.00		40,270.00	40,270.00	
Tuition - Other	21,264.00	4,796.00	26,060.00	26,060.00	
Total Undistributed Expenditures - Instruction	4,673,292.00	50,102.21	4,723,394.21	4,715,359.01	8,035.20

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Attendance and Social Work Services:					
Salaries	\$ 62,569.00	19,895.93	\$ 82,464.93	\$ 87,246.88	\$ (4,781.95)
Total Attendance and Social Work Services	62,569.00	19,895.93	82,464.93	87,246.88	(4,781.95)
Health Services:					
Salaries	683,971.89	(244,744.01)	439,227.88	455,248.15	(16,020.27)
Purchased Professional and Technical Services	60,366.00	12,108.95	72,474.95	63,535.45	8,939.50
Supplies and Materials	12,683.22	717.01	13,400.23	8,739.59	4,660.64
Total Health Services	757,041.11	(231,918.05)	525,123.06	527,523.19	(2,400.13)
Other Support Services - Speech, OT, PT & Related Services:					
Salaries	634,985.48	44,290.35	679,275.83	715,864.90	(36,589.07)
Purchased Professional - Educational Services	21,204.00		21,204.00	20,122.00	1,082.00
Supplies and Materials	3,600.00	10,590.02	14,190.02	13,965.89	224.13
Total Other Support Services - Speech, OT, PT & Related Services	659,789.48	54,880.37	714,669.85	749,952.79	(35,282.94)
Other Support Services - Students - Extra Services					
Salaries	528,853.46	82,747.31	611,600.77	641,840.40	(30,239.63)
Purchased Professional - Educational Services	738,500.00	129,025.46	867,525.46	856,457.26	11,068.20
Total Other Support Services - Students - Extra Services	1,267,353.46	211,772.77	1,479,126.23	1,498,297.66	(19,171.43)
Guidance:					
Salaries of Other Professional Staff	870,425.01	(86,247.52)	784,177.49	806,804.22	(22,626.73)
Salaries of Secretarial and Clerical Assistants	169,445.17	(63,229.86)	106,215.31	111,602.97	(5,387.66)
Other Purchased Professional and Tech Services	11,952.00	(2,172.00)	9,780.00	6,880.00	2,900.00
Other Purchased Services	19,500.00	(2,887.90)	16,612.10	7,458.19	9,153.91
Supplies and Materials	5,717.30	1,089.06	6,806.36	3,089.06	3,717.30
Total Guidance	1,077,039.48	(153,448.22)	923,591.26	935,834.44	(12,243.18)
Child Study Teams:					
Salaries of Other Professional Staff	894,815.77	79,661.56	974,477.33	1,018,814.33	(44,337.00)
Salaries of Secretarial and Clerical Assistants	75,350.15	44,658.40	120,008.55	120,860.05	(851.50)
Purchased Professional Educational Services	26,774.00	(2,250.00)	24,524.00	24,524.00	
Other Purchased Services (400-500 series)	2,500.00	2,496.85	4,996.85	4,746.55	250.30
Residential Costs	300.00	(300.00)			
Supplies and Materials	11,147.00	(6,135.29)	5,011.71	5,011.71	
Other Objects	2,040.00		2,040.00	2,040.00	
Total Child Study Teams	1,012,926.92	118,131.52	1,131,058.44	1,175,996.64	(44,938.20)

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Improvement of Instruction Services					
Other Support Services - Instructional Staff:					
Salaries of Supervisors of Instruction	\$ 813,832.94	\$ (193,186.66)	\$ 620,646.28	\$ 646,011.16	\$ (25,364.88)
Salaries of Other Professional Staff		9,462.50	9,462.50	9,462.50	
Other Salaries		22,041.50	22,041.50	24,456.50	(2,415.00)
Unused Vacation Payment to Terminated/Retired Staff	139,029.48	(54,667.87)	84,361.61	146,297.38	(61,935.77)
Purchased Professional Educational Services	294,931.00	165,875.70	460,806.70	460,806.70	
Other Purch Prof. and Tech. Services	97,804.31	88,429.16	186,233.47	194,955.41	(8,721.94)
Other Purchased Services (400-500)	156,778.00	(68,957.43)	87,820.57	87,820.57	
Supplies and materials	51,700.00	(51,700.00)			
Total Improvement of Instruction Services / Other Support Services - Instructional Staff	1,554,075.73	(82,703.10)	1,471,372.63	1,569,810.22	(98,437.59)
Educational Media Services / School Library:					
Salaries	362,425.35	(101,962.27)	260,463.08	271,868.50	(11,405.42)
Salaries of Technological Coordinators	65,891.00	(43,480.49)	22,410.51	22,410.51	
Purchased Professional and Technical Services	91,664.00	6,046.65	97,710.65	58,610.06	39,100.59
Other Purchased Services (400-500 Series)	2,000.00	2,000.00	4,000.00	1,738.19	2,261.81
Supplies and materials	5,101.00	(1,600.05)	3,500.95	2,111.50	1,389.45
Total Educational Media Services / School Library	527,081.35	(140,966.16)	386,085.19	356,738.76	29,346.43
Instructional Staff Training Services:					
Salaries of Other Professional Staff	149.00	(149.00)			
Other Salaries		149.00	149.00	149.00	
Purchased Professional Educational Services	11,800.00	(1,500.00)	10,300.00	3,862.50	6,437.50
Other Purchased Services (400-500)	5,285.00	(4,500.00)	785.00	785.00	
Total Instructional Staff Training Services	17,234.00	(6,000.00)	11,234.00	4,011.50	7,222.50
Support Services General Administration:					
Salaries	358,359.00	(2,415.82)	355,943.18	371,343.18	(15,400.00)
Unused Vacation Payment to Terminated/Retired Staff	10,591.50		10,591.50	10,591.50	
Legal Services	100,800.00	(17,557.50)	83,242.50	83,242.50	
Audit Fees	54,565.00	22,664.00	77,229.00	77,180.00	49.00
Architectural/Engineering Services	31,804.39	(14,240.00)	17,564.39	8,064.73	9,499.66
Other Purchased Professional Services	15,200.00	(9,100.00)	6,100.00	5,115.00	985.00
Communications / Telephone	156,000.00	(14,530.00)	141,470.00	97,540.35	43,929.65
BOE Other Purchased Services	9,000.00	(5,000.00)	4,000.00	3,832.71	167.29
Miscellaneous Purchased Services	18,500.00	36,319.58	54,819.58	49,888.15	4,931.43
General Supplies	13,782.67	(1,263.58)	12,519.09	10,123.65	2,395.44
BOE In- House Training/ Meeting Supplies	4,000.00	(814.33)	3,185.67	3,074.13	111.54
Judgements against the District	32,000.00	(764.00)	31,236.00	26,369.00	4,867.00
Miscellaneous Expenditures	36,167.01	9,188.00	45,355.01	42,022.08	3,332.93
BOE Membership Dues and Fees	9,300.00	(9,300.00)			
Total Support Services General Administration	850,069.57	(6,813.65)	843,255.92	788,386.98	54,868.94

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Support Services School Administration:					
Salaries of Principals / Asst. Principals/ Pgr. Directors	\$ 1,803,439.62	\$ (12,080.00)	\$ 1,791,359.62	\$ 1,855,408.80	\$ (64,049.18)
Salaries of Other Professionals	428,627.00	370,336.31	798,963.31	833,834.44	(34,871.13)
Salaries of Secretarial and Clerical Assistants	717,371.85	120,918.55	838,290.40	825,738.50	12,551.90
Purchased Professional and Technical Services	31,760.00	(5,365.49)	26,394.51	14,839.80	11,554.71
Other Purchased Services(400-500 series)	28,831.00	(5,614.11)	23,216.89	21,414.16	1,802.73
Supplies and Materials	54,772.41	19,427.00	74,199.41	58,151.05	16,048.36
Other Objects	16,085.68	(2,046.00)	14,039.68	8,523.03	5,516.65
Total Support Services School Administration	3,080,887.56	485,576.26	3,566,463.82	3,617,909.78	(51,445.96)
Central Service:					
Salaries	571,234.77	25,747.13	596,981.90	615,785.52	(18,803.62)
Purchased Professional Services	750.00		750.00	150.00	600.00
Purchased Professional Services- Public Relation Costs	3,215.00	19,182.60	22,397.60	24,876.77	(2,479.17)
Purchased Technical Services	22,000.00	28,875.10	50,875.10	47,629.35	3,245.75
Misc. Purch Services (400-500)	21,123.00	(2,293.53)	18,829.47	17,045.69	1,783.78
Supplies and Materials	11,576.58		11,576.58	10,583.83	992.75
Miscellaneous Expenditures	4,000.00	486.85	4,486.85	4,461.44	25.41
Total Central Service	633,899.35	71,998.15	705,897.50	720,532.60	(14,635.10)
Administrative Information Technology:					
Salaries	49,014.24	56,492.50	105,506.74	60,256.92	45,249.82
Purchased Technical Services	20,175.00	31,500.00	51,675.00	50,696.57	978.43
Other Purchased Services	4,689.00	25,000.00	29,689.00	29,646.45	42.55
Supplies and Materials	13,231.02		13,231.02	11,999.35	1,231.67
Total Administrative Information Technology	87,109.26	112,992.50	200,101.76	152,599.29	47,502.47
Required Maintenance for School Facilities:					
Salaries	732,762.18	50,442.66	783,204.84	670,397.31	112,807.53
Cleaning, Repair and Maintenance Services	1,880,344.32	(371,157.23)	1,509,187.09	980,023.68	529,163.41
Lead Testing of Drinking Water	21,231.00	(10,000.00)	11,231.00	6,349.00	4,882.00
General Supplies	193,433.18	39,364.10	232,797.28	188,116.02	44,681.26
Other Objects	2,550.00		2,550.00		2,550.00
Total Required Maintenance for School Facilities	2,830,320.68	(291,350.47)	2,538,970.21	1,844,886.01	694,084.20

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Custodial Services:					
Salaries	\$ 1,881,785.90	\$ 215,704.78	\$ 2,097,490.68	\$ 1,922,419.72	\$ 175,070.96
Salaries of Non-Instructional Aides	128,927.00		128,927.00	64,673.41	64,253.59
Unused Vacation Payment to Terminated/Retired Staff	3,712.00		3,712.00		3,712.00
Purchased Professional and Technical Services	17,226.00	(6,400.00)	17,226.00	11,973.28	5,252.72
Cleaning, Repair and Maintenance Services	38,098.00	315,472.74	315,472.74	23,736.64	7,961.36
Lease Purchase Pymts- Energy Savings Impr Prog	79,000.00	1,268.46	80,268.46	80,404.41	(135.95)
Other Purchased Property Services	95,808.00	32,578.88	128,386.88	128,386.88	
Insurance	3,000.00	(600.00)	2,400.00		2,400.00
Miscellaneous Purchased Services	55,000.00	5,000.00	60,000.00	56,970.57	3,029.43
General Supplies	316,000.00	2,200.00	318,200.00	309,765.70	8,434.30
Energy (Natural Gas)	363,050.00	(3,500.00)	359,550.00	311,602.49	47,947.51
Energy (Heat and Electricity)	10,000.00		10,000.00	10,000.00	
Energy (Gasoline)	14,800.00	(2,957.00)	11,843.00	6,759.99	5,083.01
Other Objects	3,006,406.90	558,767.86	3,565,174.76	3,242,165.83	323,008.93
Total Custodial Services		967,913.44			
Care and Upkeep of Grounds:					
Salaries	4,263.95		4,263.95	4,263.95	
Cleaning, Repair And Maintenance	131,156.82	1,261.18	132,418.00	108,476.70	23,941.30
General Supplies	10,025.00	(4,025.00)	6,000.00		6,000.00
Total Care and Upkeep of Grounds	141,181.82	1,500.13	142,681.95	112,740.65	29,941.30
Security:					
Salaries	919,380.66	264,751.74	1,184,132.40	1,131,387.64	52,744.76
Purchased Professional and Technical Services	567,555.00	(119,297.40)	448,257.60	136,028.63	312,228.97
General Supplies	18,816.00	(10,473.50)	8,342.50	3,505.00	4,837.50
Total Security	1,505,751.66	134,980.84	1,640,732.50	1,270,921.27	369,811.23

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 12,964.91	\$ 3,700.04	\$ 24,179.32	\$ 48,219.29	\$ (24,039.97)
Salaries for Pupil Transportation (Between Home and School) - Regular			16,664.95	25,528.84	(8,863.89)
Salaries for Pupil Transportation (Between Home and School) - Special	77,003.29	45,633.91	122,637.20	118,556.26	4,080.94
Sal. for Pupil Trans (Other than Btw Home & Sch)	88,007.83	5,851.34	93,859.17	21,521.37	72,337.80
Management Fee- ESC & CTSA Trans. Program	92,037.61		92,037.61	105,682.86	(13,645.25)
Cleaning, Repair and Maintenance Services	50,000.00	(33,873.70)	16,126.30	16,126.30	1,000.00
Contracted Services - Aid in Lieu Payments-Charter Sch	23,520.00	12,980.00	36,500.00	35,500.00	1,000.00
Contract. Serv. - Aid in Lieu Pymis-Choice Sch and School) - Vendors	57,000.00	(52,000.00)	5,000.00	5,000.00	
Contract. Serv.(Reg. Students)-ESCs & CTSA	202,000.00	10,673.98	212,673.98	243,431.80	(30,757.82)
Contracted Svces (Spec.Ed. Stud) - ESCs & CTSA	631,534.14	39,600.00	671,134.14	710,889.44	(39,755.30)
Miscellaneous Purchased Services - Transportation	1,592,523.23	7,168.18	1,599,691.41	1,961,012.99	(361,321.58)
Transportation Supplies	500.00	(126.81)	373.19	373.19	
Other Objects	15,735.00	(1,505.06)	14,229.94	13,998.87	231.07
Total Student Transportation Services	400.00	(30.87)	369.13	43.99	325.14
	2,843,226.01	62,250.33	2,905,476.34	3,305,885.20	(400,408.86)
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	827,000.00	10,922.57	837,922.57	837,922.57	
Other Retirement Contributions - PERS	989,447.00	(10,000.00)	979,447.00	967,507.00	11,940.00
Other Retirement Contributions - Regular	9,000.00		9,000.00	8,710.99	289.01
Unemployment Compensation	70,000.00	(67,591.75)	2,408.25	2,408.25	
Workmen's Compensation	842,061.00	26,836.45	868,897.45	868,897.45	
Health Benefits	8,535,370.00	1,420,705.62	9,956,075.62	8,310,299.56	1,645,776.06
Tuition Reimbursements	96,200.00	(29,436.45)	66,763.55	34,066.42	32,697.13
Other Employee Benefits	732,790.34	(1,398,917.16)	(666,126.82)	447,230.69	(1,113,357.51)
Unused Sick Payment to Terminated/Retired Staff	3,381.50	85,842.50	89,224.00	89,224.00	
Total Unallocated Benefits - Employee Benefits	12,105,249.84	38,361.78	12,143,611.62	11,563,858.68	579,752.94

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
On-Behalf TPAF Contributions (Non-Budgeted):					
On-behalf TPAF Contributions-non-budgeted				9,057,621.00	\$ (9,057,621.00)
NCGI-non-budgeted				131,907.00	(131,907.00)
Post Retirement Medical-non budgeted				2,532,281.00	(2,532,281.00)
Reimbursed TPAF Social Security Contribution-non-budgeted				2,075,226.30	(2,075,226.30)
Long Term Disability Insurance				3,842.00	(3,842.00)
Total TPAF Pension/Social Security				13,800,877.30	(13,800,877.30)
Total Undistributed Expenditures	38,692,505.18	1,007,981.00	39,700,486.18	52,041,534.68	(12,341,048.50)
TOTAL EXPENDITURES - CURRENT EXPENSE	63,060,606.71	1,317,012.72	64,377,619.43	74,529,880.08	(10,152,260.65)
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5	60,000.00	(33,194.00)	26,806.00	11,749.55	15,056.45
Grades 6-8	33,221.71	(30,000.00)	3,221.71	3,221.71	
Grades 9-12 - Equipment	41,453.50	63,194.00	104,647.50	11,453.50	93,194.00
Undistributed Expenditures - Instruction	19,051.40		19,051.40	19,051.40	
Undist. Expend. - Supp Serv. - Related & Extra.	380,000.00	(380,000.00)			
Undistributed-Admin. Info Technology	170,055.85	323,500.00	493,555.85	422,599.07	70,956.78
Undistributed-Required Maint. for School Facilities	14,972.00	38,999.86	53,971.86	13,852.00	40,119.86
Undistributed-Security				9,465.00	(9,465.00)
Total Equipment	718,754.46	(17,500.14)	701,254.32	491,392.23	209,862.09
Facilities Acquisition and Construction Services:					
Legal Services	14,618.00		14,618.00		14,618.00
Architectural/engineering services	196,236.96		196,236.96	47,735.31	148,501.65
Other purch prof & tech services	365,492.00	(339,704.34)	25,787.66	25,787.66	
Construction services	3,729,343.21	(315,472.74)	3,413,870.47	2,718,842.43	695,028.04
Assessment for Debt Service on SDA Funding	28,526.00		28,526.00	28,526.00	
Total Facilities Acquisition and Construction Services	4,334,216.17	(655,177.08)	3,679,039.09	2,795,103.74	883,935.35
Interest in Capital Reserve	5,295.00	(5,295.00)			
TOTAL CAPITAL OUTLAY	5,058,265.63	(677,972.22)	4,380,293.41	3,286,495.97	1,093,797.44

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

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Transfer of funds to charter schools	\$ 1,143,857.00	\$ 213,440.50	\$ 1,357,297.50	\$ 1,387,490.00	\$ (30,192.50)
TOTAL EXPENDITURES	69,262,729.34	852,481.00	70,115,210.34	79,203,866.05	(9,088,655.71)
Excess (deficiency) of revenues over (under) expenditures	\$ (8,065,735.34)	\$ (852,481.00)	\$ (8,918,216.34)	\$ (3,246,806.45)	\$ 5,671,409.89
Other financing sources (uses)					
Local Contrib. - Trans to Special Rev. Inclusion	(340,200.00)		(340,200.00)	(340,200.00)	
Total other financing sources	(340,200.00)		(340,200.00)	(340,200.00)	
Excess of revenues and other financing sources over expenditures and other expenditures and other financing sources	(8,405,935.34)	(852,481.00)	(9,258,416.34)	(3,587,006.45)	5,671,409.89
Fund balances, July 1	15,419,613.78		15,419,613.78	15,419,613.78	
Fund balances, June 30	\$ 7,013,678.44	\$ (852,481.00)	\$ 6,161,197.44	\$ 11,832,607.33	\$ 5,671,409.89
Recapitulation:					
Assigned - year-end encumbrances				\$ 1,778,907.81	
Restricted - excess surplus - current year				508,400.00	
Restricted - capital reserve				5,500,193.74	
Restricted - unemployment				192,849.08	
Unassigned fund balance				2,056,801.77	
Assigned - designated for subsequent years expenditures				1,794,290.00	
Assigned fund balance FFCRA/SEMI-unreserved desig. sub. year				1,164.93	
Reconciliation to governmental funds statements (GAAP):					
Prior Year aid payment not recognized on GAAP basis				(2,947,124.00)	
Fund balance per governmental funds (GAAP)				\$ 8,885,483.33	

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Other Sources	\$ 41,784.82	\$ 535,819.27	\$ 577,604.09	\$ 257,549.80	\$ (320,054.29)
State Sources	5,298,291.46	164,704.91	5,462,996.37	4,459,102.95	(1,003,893.42)
Federal Sources	8,032,343.05	310,807.82	8,343,150.87	4,590,804.50	(3,752,346.37)
Total Revenues	\$ 13,372,419.33	\$ 1,011,332.00	\$ 14,383,751.33	\$ 9,307,457.25	\$ (5,076,294.08)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 3,137,579.55	\$ 210.04	\$ 3,137,789.59	\$ 3,039,093.34	\$ 98,696.25
Purchased Professional / Educational Services	78,686.00	81,642.55	160,328.55	115,532.01	44,796.54
Purchased Professional/Technical Services	543,064.00		870,675.98	598,684.22	271,991.76
Tuition	906,785.00		906,785.00	896,179.32	8,605.68
General Supplies	2,008,497.91	61,114.45	2,069,612.36	1,027,737.79	1,041,874.57
Other Objects	92,436.91		96,871.87	83,200.52	13,671.35
Total Instruction	\$ 6,767,049.37	\$ 142,967.04	\$ 7,242,063.35	\$ 5,762,427.20	\$ 1,479,636.15
Support Services:					
Salaries	498,096.00		462,914.68	298,160.36	164,754.32
Other Salaries	262,908.00	972.00	71,720.63	71,720.63	192,159.37
Purchased Services Employee Benefits	1,807,867.91		1,807,867.91	1,187,310.97	620,556.94
Purchased Professional / Educational Services	897,598.00	7,000.00	904,598.00	850,894.56	53,703.44
Purchased Professional/Technical Services	973,734.05	10,588.30	984,322.35	520,342.12	463,980.23
Other purchased services	206,384.00	4,825.00	211,209.00	69,920.18	141,288.82
Supplies and Materials	117,015.00	1,062.56	118,077.56	68,094.09	49,983.47
Other Objects	80,057.00	2,000.00	82,057.00	48,727.87	33,329.13
Scholarships		2,911.13	2,911.13		2,911.13
Student Activities		4,000.00	340,413.55	216,463.73	123,949.82
Total Support Services	\$ 4,843,659.96	\$ 32,447.86	\$ 5,178,251.18	\$ 3,331,634.51	\$ 1,846,616.67
Facilities Acquisition, Construction Services and Equipment					
Instructional equipment	1,231,710.00	15,152.03	1,246,862.03	212,882.00	1,033,880.03
Non-instructional equipment	530,000.00	186,574.77	716,574.77	333,012.22	383,562.55
Total Facilities Acquisition, Construction Services and Equipment	\$ 1,761,710.00	\$ 201,726.80	\$ 1,963,436.80	\$ 545,894.22	\$ 1,417,442.58
Total expenditures	\$ 13,372,419.33	\$ 377,141.70	\$ 14,383,751.33	\$ 9,640,055.93	\$ 4,743,695.40
Other Financing Sources (Uses)					
Transfer from General Fund				340,200.00	
Total expenditures and other financing sources (uses)	\$ 13,372,419.33	\$ 377,141.70	\$ 14,383,751.33	\$ 9,299,855.93	\$ 4,743,695.40
Excess (Deficiency) of Revenues Over (Under) Expenditures				\$ 7,601.32	
Fund Balance, July 1				119,259.63	
Fund Balance, June 30				126,860.95	
Recapitulation:					
Restricted:					
Scholarships				2,911.13	
Student Activities				123,949.82	
Total Fund Balance				\$ 126,860.95	

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART II
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 75,957,059.60	\$ 9,307,457.25
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously it was recognized for budgetary purposes.	2,782,381.00	380,742.00
The last state aid payment is recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	(2,947,124.00)	(366,736.00)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Adjust for encumbrances:		
Add prior year encumbrances		667,797.28
Less prior year encumbrances canceled		(41,123.21)
Less current year encumbrances		(1,132,522.13)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 75,792,316.60	\$ 8,815,615.19
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 79,203,866.05	\$ 9,299,855.93
Difference - budget to GAAP:		
Adjust for encumbrances:		
Add prior year encumbrances		667,797.28
Less prior year encumbrances canceled		(41,123.21)
Less current year encumbrances		(1,132,522.13)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (inflows).		340,200.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$ 79,203,866.05	\$ 9,134,207.87

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

<u>Measurement Date Ending June 30,</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportion of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2013	0.0753700000% \$	14,404,969 \$	4,994,304.00	288.43%	48.72%
2014	0.0760200000%	14,233,593	5,024,804.00	283.27%	52.08%
2015	0.0774700000%	17,389,569	5,057,539.00	343.83%	47.93%
2016	0.0780400000%	23,115,036	5,234,389.00	441.60%	40.14%
2017	0.0803900000%	18,715,555	5,428,652.00	344.76%	48.10%
2018	0.0812300000%	15,995,206	5,556,246.00	287.88%	53.60%
2019	0.0791225145%	14,256,677	5,547,742.00	256.98%	56.27%
2020	0.0837440803%	13,656,469	6,025,109.00	226.66%	58.32%
2021	0.0844704376%	10,006,790	5,786,880.00	172.92%	70.33%
2022	0.0767224549%	11,578,475	5,811,242.00	199.24%	62.91%

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30.</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>District's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 626,723	\$ 626,723	\$ -0-	\$ 5,024,804.00	12.47%
2015	666,000	666,000	-0-	5,057,539.00	13.17%
2016	693,351	693,351	-0-	5,234,389.00	13.25%
2017	744,809	744,809	-0-	5,428,652.00	13.72%
2018	808,048	808,048	-0-	5,556,246.00	14.54%
2019	769,633	769,633	-0-	5,547,742.00	13.87%
2020	916,118	916,118	-0-	6,025,109.00	15.21%
2021	989,247	989,247	-0-	5,786,880.00	17.09%
2022	967,507	967,507	-0-	5,811,242.00	16.65%
2023	943,241	943,241	-0-	6,881,971.00	13.71%

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

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0000000000%	\$ -	\$ 116,653,960	-0-	22,037,145.00	-0-	529.35%	33.76%
2014	0.0000000000%	-0-	119,969,003	-0-	22,313,032.00	-0-	537.66%	33.64%
2015	0.0000000000%	-0-	141,176,459	-0-	22,962,182.00	-0-	614.82%	28.71%
2016	0.0000000000%	-0-	175,905,208	-0-	22,193,461.00	-0-	792.60%	22.33%
2017	0.0000000000%	-0-	150,398,267	-0-	23,141,862.00	-0-	649.90%	25.41%
2018	0.0000000000%	-0-	140,859,086	-0-	22,911,817.00	-0-	614.79%	26.49%
2019	0.0000000000%	-0-	135,134,740	-0-	24,190,598.00	-0-	558.63%	26.95%
2020	0.0000000000%	-0-	141,387,844	-0-	24,791,896.00	-0-	570.30%	24.60%
2021	0.0000000000%	-0-	108,421,162	-0-	25,662,082.00	-0-	422.50%	35.52%
2022	0.0000000000%	-0-	117,561,930	-0-	25,412,274.00	-0-	462.62%	32.29%

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/14-06/30/18
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2022	7.00%	7.00%	07/01/18-06/30/21
2021	7.00%	7.00%	07/01/15-06/30/18
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER
THAN PENSIONS (GASB 75)**

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

	Measurement Date Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District						
Balance at Beginning of Fiscal year	\$113,805,332	\$129,007,855	\$78,851,636	\$84,616,470	\$98,078,398	\$105,331,974
Changes for the year:						
Service cost	6,242,375	7,175,202	3,903,098	3,777,387	4,274,458	5,215,181
Interest	2,561,519	2,952,230	2,858,631	3,375,825	3,625,475	3,095,280
Changes of benefit terms		(121,132)				
Differences between expected and actual experience	2,432,813	(23,071,045)	22,007,035	(11,744,971)	(9,467,284)	
Changes in assumptions or other inputs	(25,929,122)	112,278	23,565,302	1,175,684	(9,710,163)	(12,957,575)
Membership Contributions	81,397	75,474	68,074	71,751	78,200	99,646
Benefit payments - Net	(2,537,260)	(2,325,530)	(2,245,921)	(2,420,510)	(2,262,614)	(2,706,108)
Net changes	<u>(17,148,278)</u>	<u>(15,202,523)</u>	<u>50,156,219</u>	<u>(5,764,834)</u>	<u>(13,461,928)</u>	<u>(7,253,576)</u>
Balance at End of Fiscal year	<u>\$96,657,054</u>	<u>\$113,805,332</u>	<u>\$129,007,855</u>	<u>\$78,851,636</u>	<u>\$84,616,470</u>	<u>\$98,078,398</u>
Covered Employee Payroll	31,223,516	31,448,962	30,817,005	29,738,340	28,468,063	28,570,514
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	309.56%	369.29%	433.20%	265.15%	297.23%	343.29%

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the Net OPEB Liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	OTHER LOCAL	STUDENT ACTIVITIES	SCHOLARSHIPS	NONPUBLIC SUPPLEMENTAL INSTRUCTION	NONPUBLIC ESL	NONPUBLIC EXAM AND CLASS	NONPUBLIC SECURITY AID	NONPUBLIC SPEECH CORRECTION
REVENUES:								
Local Sources	\$ 33,484.75	\$ 224,039.69	25.36	\$ 1,569.40	\$ 1,803.96	\$ 3,032.34	\$ 20,962.99	\$ 2,883.00
State Sources								
Federal Sources								
Total Revenues	33,484.75	224,039.69	25.36	1,569.40	1,803.96	3,032.34	20,962.99	2,883.00
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional / Educational Services								
Purchased Professional / Technical Services								
Tuition	6,143.12							
General Supplies	2,178.52							
Other Objects	8,321.64							
Total Instruction								
Support Services:								
Salaries								
Other Salaries	6,119.11							
Personal Services Employee - Benefits								
Purchased Professional / Educational Services	4,660.00			1,569.40	1,803.96	3,032.34	20,962.99	2,883.00
Purchased Professional / Technical Services								
Other purchased services	14,384.00							
Supplies and Materials								
Other Objects		216,463.73						
Student Activities								
Total Support Services	25,163.11	216,463.73		1,569.40	1,803.96	3,032.34	20,962.99	2,883.00
Facilities Acquisition, Construction Services and Equipment:								
Instructional Equip.								
Non-Instructional Equip.								
Total Facilities Acquisition, Construction Services and Equipment								
Total Expenditures	33,484.75	216,463.73		1,569.40	1,803.96	3,032.34	20,962.99	2,883.00
Other Financing Sources (Uses):								
Transfer from General Fund								
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	7,575.96	25.36	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1,		116,373.86	2,885.77					
Fund Balances, June 30	-0-	123,949.82	2,911.13	-0-	-0-	-0-	-0-	-0-

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	NONPUBLIC NURSING	NONPUBLIC TRANSPORTATION	PRESCHOOL EDUCATION/AID	NONPUBLIC TEXTBOOKS	NONPUBLIC TECHNOLOGY	NONPUBLIC COMPENSATORY EDUCATION	TITLE
REVENUES:							
Local Sources	\$ 11,075.19	\$ 7,485.00	\$ 3,071,683.25	\$ 5,867.58	\$ 3,625.26	\$ 3,557.88	\$ 855,384.91
State Sources							
Federal Sources							
Total Revenues	11,075.19	7,485.00	3,071,683.25	5,867.58	3,625.26	3,557.88	855,384.91
EXPENDITURES:							
Instruction:							
Salaries of Teachers			1,430,578.37				416,387.14
Purchased Professional / Educational Services			31,247.93				
Purchased Professional / Technical Services							
Tuition			52,566.81				79,377.77
General Supplies			10,766.00				70,256.00
Other Objects							
Total Instruction			1,525,159.11				566,020.91
Support Services:							
Salaries			298,160.36				
Other Salaries			65,451.44				
Personal Services Employee - Benefits			885,376.78				137,578.00
Purchased Professional / Educational Services			535,670.00		3,625.26	3,557.88	150,000.00
Purchased Professional / Technical Services	11,075.19	7,485.00		5,867.58			
Other purchased services			8,250.00				1,786.00
Supplies and Materials			29,160.00				
Other Objects			7,959.34				
Student Activities							
Total Support Services	11,075.19	7,485.00	1,830,027.92	5,867.58	3,625.26	3,557.88	289,364.00
Facilities Acquisition, Construction Services and Equipment:							
Instructional Equip.			21,000.00				
Non-Instructional Equip.			35,696.22				
Total Facilities Acquisition, Construction Services and Equipment			56,696.22				
Total Expenditures	11,075.19	7,485.00	3,411,883.25	5,867.58	3,625.26	3,557.88	855,384.91
Other Financing Sources (Uses):							
Transfer from General Fund			340,200.00				
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1,							
Fund Balances, June 30							

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ESSER II	TITLE III	TITLE IIA	TITLE ISA	CR MENTAL HEALTH	CR LEARNING ACCELERATION	INNOVATION ACADEMY
REVENUES:							
Local Sources	\$ 4,558.40	\$ 106,038.00	\$ 183,233.13	\$ 31,010.04	\$ 28,675.76	\$ 139,806.80	\$ 1,325,556.10
State Sources							
Federal Sources							
Total Revenues	4,558.40	106,038.00	183,233.13	31,010.04	28,675.76	139,806.80	1,325,556.10
EXPENDITURES:							
Instruction:							
Salaries of Teachers		30,717.88		210.04			1,161,199.91
Purchased Professional / Educational Services	4,558.40		53,484.08	30,800.00		99,807.80	
Purchased Professional / Technical Services						39,999.00	
Tuition							
General Supplies		36.34					
Other Objects							
Total Instruction	4,558.40	30,754.22	53,484.08	31,010.04		139,806.80	1,161,199.91
Support Services:							
Salaries		150.08					
Other Salaries							
Personal Services Employee - Benefits			98,700.96		28,675.76		164,356.19
Purchased Professional / Educational Services		60,409.66		24,040.78			
Purchased Professional / Technical Services		3,289.00		3,197.31			
Supplies and Materials		11,414.04		3,810.00			
Other Objects		21.00					
Student Activities							
Total Support Services		75,283.78	129,749.05		28,675.76		164,356.19
Facilities Acquisition, Construction Services and Equipment:							
Instructional Equip.							
Non-Instructional Equip.							
Total Facilities Acquisition, Construction Services and Equipment							
Total Expenditures	4,558.40	106,038.00	183,233.13	31,010.04	28,675.76	139,806.80	1,325,556.10
Other Financing Sources (Uses):							
Transfer from General Fund							
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fund Balances, July 1,							
Fund Balances, June 30	-0-	-0-	-0-	-0-	-0-	-0-	-0-

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ARP/ESSER	IDEA PART B BASIC	IDEA PART B PRESCHOOL	TITLE IV	TOTALS
REVENUES:					
Local Sources					\$ 257,549.80
State Sources					4,459,102.95
Federal Sources	2,343,749.04	878,560.00	19,619.32	169.10	4,590,804.50
Total Revenues	2,343,749.04	878,560.00	19,619.32	169.10	9,307,457.25
EXPENDITURES:					
Instruction:					
Salaries of Teachers					3,039,093.34
Purchased Professional / Educational Services	494,318.02				115,532.01
Purchased Professional / Technical Services		878,560.00	19,619.32		598,684.22
Tuition	849,445.65			169.10	898,179.32
General Supplies					1,027,737.79
Other Objects					83,200.52
Total Instruction	1,343,763.67	878,560.00	19,619.32	169.10	5,762,427.20
Support Services:					
Salaries					298,160.36
Other Salaries					71,720.63
Personal Services Employee - Benefits					1,187,310.97
Purchased Professional / Educational Services	431,256.70				850,894.56
Purchased Professional / Technical Services	19,956.40				520,342.12
Other purchased services	22,536.74				69,920.18
Supplies and Materials	36,937.53				68,094.09
Other Objects					48,727.87
Student Activities					216,463.73
Total Support Services	510,687.37				3,331,634.51
Facilities Acquisition, Construction Services and Equipment:					
Instructional Equip.	191,982.00				212,982.00
Non-Instructional Equip.	297,316.00				333,012.22
Total Facilities Acquisition, Construction Services and Equipment	489,298.00				545,994.22
Total Expenditures	2,343,749.04	878,560.00	19,619.32	169.10	9,640,055.93
Other Financing Sources (Uses):					
Transfer from General Fund					340,200.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-0-	-0-	-0-	-0-	7,601.32
Fund Balances, July 1,					119,259.63
Fund Balances, June 30	-0-	-0-	-0-	-0-	126,860.95

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

DISTRICT-WIDE TOTAL

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 1,673,878.00	\$ 1,430,578.37	\$ 243,299.63
Purchased Professional / Educational Services	46,990.00	31,247.93	15,742.07
Supplies	70,752.40	52,566.81	18,185.59
Other Objects	<u>24,434.96</u>	<u>10,766.00</u>	<u>13,668.96</u>
Total instruction	1,816,055.36	1,525,159.11	290,896.25
Support services:			
Salaries	524,804.00	363,611.80	161,192.20
Personnel services - employee benefits	969,183.00	885,376.78	83,806.22
Purchased professional-educational services	547,990.00	535,670.00	12,320.00
Supplies	33,327.75	29,160.00	4,167.75
Other Objects	<u>20,000.00</u>	<u>7,959.34</u>	<u>12,040.66</u>
Total support services	2,180,129.75	1,830,027.92	350,101.83
Equipment:			
Instructional Equip.	27,362.03	21,000.00	6,362.03
Non-Instructional Equip.	<u>53,774.77</u>	<u>35,696.22</u>	<u>18,078.55</u>
Total Equipment	81,136.80	56,696.22	24,440.58
Total expenditures	<u>\$ 4,077,321.91</u>	<u>\$ 3,411,883.25</u>	<u>\$ 665,438.66</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2022-23 Preschool Education Aid Allocation	\$ 3,667,365.00
Add: Actual PreK Carryover (June 30, 2022)	2,659,675.21
Add: Budgeted Transfer From General Fund	340,200.00
Add: Prior Encumbrances Canceled	<u>11,698.52</u>
Total Preschool Education Funds Available for 2022-23 Budget	6,678,938.73
Less: 2022-23 Budgeted Prek (Including prior year budgeted carryover)	<u>(4,077,321.91)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	2,601,616.82
Add: June 30, 2023 Unexpended Preschool Education Aid	\$ <u>665,438.66</u>
2022-23 actual Carryover-Preschool Education Aid	\$ <u><u>3,267,055.48</u></u>
2022-23 Preschool Education Aid Carryover Budgeted for Preschool Programs 2023-24	\$ <u><u>2,463,079.00</u></u>

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CAPITAL PROJECTS FUND DETAIL STATEMENTS

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.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>ISSUE/PROJECT TITLE</u>	<u>APPROPRIATIONS</u>	<u>EXPENDITURES TO DATE</u>		<u>BALANCE JUNE 30, 2023</u>
		<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
E.S.I.P.	\$ <u>4,542,000.00</u>	\$ <u>2,010,101.94</u>	\$ <u>1,937,627.27</u>	\$ <u>594,270.79</u>
Totals	\$ <u>4,542,000.00</u>	\$ <u>2,010,101.94</u>	\$ <u>1,937,627.27</u>	\$ <u>594,270.79</u>

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

EXPENDITURES AND OTHER FINANCING USES:	
Other Purchased Professional and Technical Services	\$ 99,370.92
Construction Services	1,799,207.65
Equipment	<u>39,048.70</u>
Total Expenditures and Other Financing Uses	<u>1,937,627.27</u>
Excess (deficiency) of revenues over (under) expenditures	(1,937,627.27)
Net change in fund balances	(1,937,627.27)
Fund Balance - Beginning of Year	<u>2,531,898.06</u>
Fund Balance - End of Year	<u>\$ 594,270.79</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS -
BUDGETARY BASIS
FRANKLIN SCHOOL SECURITY UPGRADE
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Installment purchase proceeds	\$ 4,542,000.00	\$ _____	\$ 4,542,000.00	4,542,000.00
Total Revenues and Other Financing Sources	<u>4,542,000.00</u>	<u>_____</u>	<u>4,542,000.00</u>	<u>4,542,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Legal Services	35,000.00		35,000.00	35,000.00
Purchased Professional and Technical Services	524,935.94	99,370.92	624,306.86	857,607.00
Construction Services	1,417,913.55	1,799,207.65	3,217,121.20	3,500,749.00
Equipment	32,252.45	39,048.70	71,301.15	148,644.00
Total Expenditures and Other Financing Uses	<u>2,010,101.94</u>	<u>1,937,627.27</u>	<u>3,947,729.21</u>	<u>4,542,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,531,898.06</u>	<u>\$ (1,937,627.27)</u>	<u>\$ 594,270.79</u>	
ADDITIONAL PROJECT INFORMATION:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorization	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$4,542,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$4,542,000.00			
Percentage Increase over Original Authorized Cos				
Percentage Completion				
Original Target Completion Date	6/30/23			
Revised Target Completion Date	6/30/24			

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under installment purchases.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER INSTALLMENT PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>SERIES</u>	<u>INTEREST</u> <u>RATE</u> <u>PAYABLE</u>	<u>AMOUNT OF</u> <u>ORIGINAL</u> <u>PURCHASE</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2022</u>	<u>DECREASE</u>	<u>AMOUNT</u> <u>OUTSTANDING</u> <u>JUNE 30, 2023</u>
Energy Savings Incentive Program.	Variable	\$ 4,542,000.00	\$ 4,542,000.00	\$ 135,000.00	\$ 4,407,000.00
		\$	\$ 4,542,000.00	\$ 135,000.00	\$ 4,407,000.00

STATISTICAL SECTION
(UNAUDITED)

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
NET POSITION BY COMPONENT
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 22,960,214	\$ 22,584,434	\$ 23,242,705	\$ 21,482,362	\$ 20,542,307	\$ 18,994,743	\$ 17,697,811	\$ 16,566,172	\$ 16,610,812	\$ 14,872,057
Restricted	5,941,441	7,234,941	8,126,286	6,311,282	4,335,706	4,532,602	4,379,528	9,618,305	2,712,518	1,862,718
Unrestricted (deficit)	(12,354,148)	(11,846,289)	(17,064,668)	(17,584,786)	(17,920,151)	(18,147,217)	(17,269,467)	(20,975,257)	(15,341,938)	(15,881,687)
Total governmental activities net position	\$ 16,547,507	\$ 17,973,086	\$ 14,304,323	\$ 10,208,858	\$ 6,957,862	\$ 5,380,128	\$ 4,807,872	\$ 5,209,220	\$ 3,981,392	\$ 853,088
Business-type activities										
Net investment in capital assets	\$ 216,753	\$ 170,034	\$ 128,966	\$ 118,214	\$ 104,469	\$ 107,837	\$ 104,728	\$ 84,085	\$ 89,846	\$ 89,289
Unrestricted	780,544	827,854	558,773	504,539	587,458	538,514	538,824	432,511	271,420	231,149
Total business-type activities net position	\$ 997,297	\$ 997,888	\$ 687,739	\$ 622,753	\$ 691,927	\$ 646,351	\$ 643,552	\$ 516,596	\$ 361,266	\$ 280,703
District-wide										
Net investment in capital assets	\$ 23,176,967	\$ 22,754,468	\$ 23,371,671	\$ 21,600,576	\$ 20,646,776	\$ 19,102,580	\$ 17,802,539	\$ 16,650,257	\$ 16,700,658	\$ 14,961,346
Restricted	5,941,441	7,234,941	8,126,286	6,311,282	4,335,706	4,532,602	4,379,528	9,618,305	2,712,518	1,862,718
Unrestricted (deficit)	(11,573,604)	(11,018,435)	(16,505,895)	(17,080,247)	(17,332,693)	(17,608,703)	(16,730,643)	(20,542,746)	(15,070,518)	(15,650,538)
Total district net position	\$ 17,544,804	\$ 18,970,974	\$ 14,992,062	\$ 10,831,611	\$ 7,649,789	\$ 6,026,479	\$ 5,451,424	\$ 5,725,816	\$ 4,342,658	\$ 1,173,526

Source: ACFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 26,349,304	\$ 26,412,937	\$ 27,081,036	\$ 26,508,588	\$ 28,483,466	\$ 32,741,063	\$ 32,057,954	\$ 27,990,628	\$ 26,795,030	\$ 22,919,477
Special education	12,313,877	11,456,462	13,230,162	11,371,981	10,805,925	10,990,620	11,299,422	9,942,845	9,236,929	9,982,041
Other instruction	5,848,863	4,814,841	5,707,986	5,705,338	4,317,811	1,924,003	1,845,336	1,717,505	1,595,651	1,599,474
School sponsored activities and athletics					1,207,838	826,233	797,057	808,825	777,843	700,647
Support Services:										
Student and instruction related services	14,103,215	9,539,544	12,003,655	10,083,232	10,055,596	11,215,930	9,424,472	8,782,273	7,909,394	6,574,029
Attendance and Social Work							50,038	32,058	15,664	15,603
Educational media/school library							1,124,224	1,065,093	935,502	882,624
General administration	1,049,633	984,306	1,556,547	1,690,213	1,462,348	2,032,639	1,313,806	1,204,577	1,264,707	1,020,964
School administrative services	5,931,037	5,226,227	6,055,382	5,273,174	4,852,521	4,911,264	5,036,336	4,302,884	4,066,728	3,628,876
Central services	1,359,857	1,338,425	1,574,086	1,060,648	1,220,532	1,335,088	1,407,913	1,224,377	1,183,876	1,027,351
Pupil operations and maintenance	10,290,578	8,323,714	7,106,250	7,081,943	7,185,612	7,210,105	6,237,423	6,324,336	6,197,970	6,224,513
Pupil transportation	3,463,352	2,967,189	1,711,275	1,794,438	1,849,250	1,745,975	1,780,843	1,702,699	1,543,651	1,482,745
Interest on long-term debt	180,473	0	43,068	41,010	68,514	93,431	118,687	54,842		
Unallocated depreciation	1,151,696	999,213	932,259							
Total governmental activities expenses	\$ 82,041,885	\$ 72,052,858	\$ 76,973,716	\$ 70,610,565	\$ 71,509,413	\$ 75,026,331	\$ 72,493,511	\$ 65,152,942	\$ 61,522,945	\$ 56,058,344
Business-type activities:										
Food service	2,001,141	1,842,037	661,062	1,315,912	1,630,350	1,505,700	1,566,282	1,541,980	1,515,374	1,470,885
Total business-type activities expense	2,001,141	1,842,037	661,062	1,315,912	1,630,350	1,505,700	1,566,282	1,541,980	1,515,374	1,470,885
Total district expenses	\$ 84,043,026	\$ 73,904,895	\$ 77,634,778	\$ 71,926,477	\$ 73,139,763	\$ 76,532,031	\$ 74,049,793	\$ 66,694,922	\$ 63,038,319	\$ 57,529,229
Program Revenues										
Governmental activities:										
Charges for services	\$ 224,040	\$ 320,006	\$ 73,681	\$ 62,868	\$ 63,000	\$ 32,459	\$ 73,163	\$ 274,074	\$ 295,075	\$ 657,471
Operating grants and contributions	21,487,008	18,862,587	26,505,577	20,881,112	22,312,511	25,265,637	22,827,051	18,032,588	15,583,774	\$ 9,965,423.00
Capital grants and contributions					147,596	286,395		127,027	1,330,010	77,564
Total governmental activities program revenues	21,711,048	19,182,593	26,579,258	20,943,980	22,523,067	25,583,491	22,900,214	18,433,689	17,208,859	10,700,458
Business-type activities:										
Charges for services										
Food service	429,021	105,535	281	287,693	452,918	411,023	414,694	419,494	412,934	454,267
Operating grants and contributions	1,571,529	2,046,650	725,767	959,045	1,229,247	1,222,126	1,217,962	1,292,118	1,169,874	1,083,317
Total business type activities program revenues	2,000,550	2,152,185	726,048	1,246,738	1,682,165	1,633,149	1,632,656	1,711,612	1,582,808	1,537,584
Total district program revenues	23,711,598	21,334,778	27,305,306	22,190,718	24,205,232	27,216,640	24,532,870	20,145,301	18,791,667	12,238,042
Net (Expense)/Revenue										
Governmental activities	(60,330,837)	(52,880,265)	(50,394,458)	(49,666,565)	(48,986,346)	(48,442,840)	(49,593,297)	(46,719,253)	(44,314,086)	(45,357,886)
Business-type activities	(591)	310,148	64,986	(69,174)	51,815	127,449	76,374	169,632	67,434	66,699
Total district-wide net expense	\$ (60,331,428)	\$ (52,570,117)	\$ (50,329,472)	\$ (49,735,759)	\$ (48,934,531)	\$ (48,315,391)	\$ (49,516,923)	\$ (46,549,621)	\$ (44,246,652)	\$ (45,291,187)

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 31,136,524	\$ 30,526,495	\$ 30,526,495	\$ 30,526,495	\$ 30,526,495	\$ 29,927,936	\$ 29,927,936	\$ 28,776,862	\$ 28,212,610	\$ 26,561,400
Unrestricted state aid	27,225,035	25,464,151	22,872,788	22,093,828	19,740,098	19,765,400	19,156,699	19,059,560	19,080,335	19,010,557
Miscellaneous income	543,700	282,154	1,064,305	297,258	297,487	321,760	107,314	110,659	149,445	100,774
Total governmental activities	\$ 58,905,259	\$ 56,272,800	\$ 54,463,588	\$ 52,917,581	\$ 50,564,080	\$ 50,015,096	\$ 49,191,949	\$ 47,940,916	\$ 47,442,390	\$ 45,637,731
Total district-wide	\$ 58,905,259	\$ 56,272,800	\$ 54,463,588	\$ 52,917,581	\$ 50,564,080	\$ 50,015,096	\$ 49,191,949	\$ 47,940,916	\$ 47,442,390	\$ 45,637,731
Change in Net Position										
Governmental activities	\$ (1,425,578)	\$ 3,392,535	\$ 4,069,130	\$ 3,250,996	\$ 1,577,734	\$ 572,256	\$ (401,348)	\$ 1,221,663	\$ 3,128,304	\$ 279,845
Business-type activities (Deficit)	(591)	310,148	64,986	(69,174)	51,815	127,449	76,374	169,632	67,434	66,699
Total district	\$ (1,426,169)	\$ 3,702,683	\$ 4,134,116	\$ 3,181,822	\$ 1,629,549	\$ 699,705	\$ (324,974)	\$ 1,391,295	\$ 3,195,738	\$ 346,544

Source: ACFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2015	2014	2014
General Fund										
Restricted	\$ 6,201,443	\$ 7,503,342	\$ 8,467,064	\$ 6,311,282	\$ 5,270,179	\$ 4,639,261	\$ 3,044,525	\$ 2,372,027	\$ 501,424	\$ 501,424
Committed					300,000	100,532				
Assigned	2,684,041	4,977,347	1,772,833	1,762,327	1,229,748	1,289,131	1,327,546	1,544,442	907,973	907,973
Unassigned(Deficit)		156,544	(144,329)		(1,199,525)	(1,126,412)	(1,083,490)	(1,138,929)	(1,089,951)	(1,089,951)
Total general fund	\$ 8,885,484	\$ 12,637,233	\$ 10,095,568	\$ 8,073,609	\$ 5,600,402	\$ 4,902,512	\$ 3,288,581	\$ 2,777,540	\$ 1,308,080	\$ 1,103,119
All Other Governmental Funds										
Restricted	\$ 284,451	\$ 276,849	\$ 46,883			\$ 167,815	\$ 1,806,140	\$ 340,491	\$ 1,361,294	\$ 1,361,294
Assigned	436,681	2,374,309				(117,695)	(94,711)	(95,334)	(101,565)	(101,565)
Unassigned(Deficit)	(366,736)	(380,742)	(490,292)	(254,000)	(256,228)	(117,695)	(94,711)	(95,334)	(101,565)	(101,565)
Total all other governmental funds	\$ 354,396	\$ 2,270,416	\$ (443,409)	\$ (254,000)	\$ (256,228)	\$ 50,120	\$ 1,711,429	\$ 245,157	\$ 1,259,729	\$ 1,259,729

Source: ACFR Schedule B-1

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax Levy	\$ 31,136,524	\$ 30,526,495	\$ 30,526,495	\$ 30,526,495	\$ 30,526,495	\$ 29,927,936	\$ 29,927,936	\$ 28,776,862	\$ 28,212,610	\$ 26,561,400
Miscellaneous	962,770	747,021	1,155,187	367,157	403,711	409,447	196,181	398,627	469,221	787,264
State Sources	48,470,007	42,441,510	38,448,970	37,088,623	34,011,523	31,434,695	29,377,556	28,499,171	28,799,996	26,997,291
Federal Sources	4,038,631	3,583,361	2,764,417	1,624,463	1,740,366	1,873,201	1,882,700	1,876,318	1,921,558	2,027,234
Total Revenue	84,607,932	77,298,387	72,895,069	69,606,738	66,682,095	63,645,279	61,384,373	59,550,978	59,403,385	56,373,189
Expenditures										
Instruction										
Regular Instruction	19,642,661	20,902,375	17,321,742	17,511,687	24,663,799	25,405,427	24,683,107	23,339,868	23,301,716	22,470,813
Special Education Instruction	5,236,019	5,131,268	4,815,981	5,031,007	9,726,740	9,194,687	9,438,002	8,838,763	8,453,506	9,899,547
Other Instruction	2,768,863	2,369,599	2,437,029	2,698,707	3,719,387	1,627,544	1,543,735	1,518,221	1,467,219	1,584,917
School Sponsored Activities and Athletics					1,107,659	730,620	759,243	784,925	763,972	688,135
Support Services:										
Student and Instruction Related Services	10,593,931	6,780,806	6,599,657	5,473,833	8,999,755	9,030,881	7,802,026	7,580,929	7,068,404	6,463,319
Attendance and Social Work							37,390	30,874	15,305	15,248
Educational Media/School Library							899,325	930,564	833,411	863,719
General Administration	788,387	781,748	1,120,805	1,223,342	1,389,738	1,547,792	3,911,243	1,176,160	1,088,216	1,008,878
School Administrative Services	3,617,910	3,193,142	3,092,624	2,986,725	4,218,644	4,074,970	5,979,368	3,645,694	3,570,962	3,554,869
Central Services	873,132	744,844	1,094,968	754,699	1,185,922	1,193,911	1,325,535	1,140,193	1,086,019	831,260
Plant Operations and Maintenance	6,470,714	5,656,056	5,031,834	5,237,189	6,669,235	6,502,077	1,758,995	6,169,873	6,108,615	6,135,862
Pupil Transportation	3,305,885	2,782,509	1,566,030	1,649,013	1,809,086	1,685,133	1,195,390	1,690,104	1,535,159	1,475,021
Charter Schools	1,387,490	1,099,637	845,941	857,263						
Capital outlay-lease purchase principal	5,510,615	2,768,945	1,400,000	1,370,000	1,350,000	1,325,000	1,305,000	1,379,133	2,667,359	1,007,300
Capital Outlay	90,275,701	76,861,122	71,127,998	1,036,005	66,290,553	63,692,657	67,482,737	58,225,301	57,959,863	55,998,888
Total expenditures	(5,667,769)	437,265	1,767,072	2,475,435	391,542	(47,378)	(6,098,364)	1,325,677	1,443,522	374,301
Excess (Deficiency) of Revenues Over (Under) Expenditures										
Other Financing Sources (Uses)										
Leases (Non-Budgeted)								6,750,000		
Transfers In					349,535	1,760,278	687,818	2,398,880	557,940	1,838,724
Transfers Out					(349,535)	(1,760,278)	(687,818)	(2,398,880)	(557,940)	(1,838,724)
Total Other Financing Sources (Uses)		4,542,000				6,750,000				
Net Change in Fund Balances	\$ (5,667,769)	\$ 4,979,265	\$ 1,767,072	\$ 2,475,435	\$ 391,542	\$ 6,702,622	\$ (6,098,364)	\$ 1,325,677	\$ 1,443,522	\$ 374,301
Debt Service as a Percentage of Noncapital Expenditures										

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

EXHIBIT "J-5"

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Athletic</u> <u>Receipts</u>	<u>Prior Year</u> <u>Refunds</u>	<u>IEP</u> <u>Overhead Fee</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 155,478	\$ 21,162	\$ 11,550	\$ 28,926	\$ 501,993	\$ 39,136	\$ 758,245
2014	295,075	18,300	6,433	28,909		95,813	444,530
2015	274,074	19,224	6,517	6,231		78,400	384,446
2016	73,163	37,410	6,535	26,017		35,081	178,206
2017	32,459	99,918	6,292	102,107		113,109	353,885
2018	63,000	163,227	4,030	28,438		101,792	360,487
2019	62,868	140,808	15,468	15,334		125,650	360,128
2020	40,974	32,648	-	14,141		1,017,516	1,105,279
2021	16,000	36,023	2,627	14,160		229,344	298,154
2023	-	208,282	4,196	178,092		153,130	543,700

Source: District Records

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

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities^a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate^b</u>	<u>Estimated Actual (County Equalized Value)</u>
2014	6,177,500	687,260,850	71,089,800	114,006,000	11,319,900	889,854,050	533,242	890,387,292	3.076	1,660,550,712
2015	6,466,860	686,905,400	71,131,700	113,336,500	11,319,900	889,160,360	1,713,210	890,873,570	3.201	1,745,799,948
2016	6,264,660	686,893,492	71,359,100	112,410,300	11,319,900	888,247,452	919,144	889,166,596	3.302	1,604,125,196
2017	6,407,760	687,988,442	71,533,980	112,222,800	11,319,900	889,472,862	1,004,390	890,477,272	3.361	1,672,884,487
2018	6,158,960	688,501,292	73,100,830	113,921,100	10,789,400	892,471,582	863,119	893,334,701	3.364	1,741,053,598
2019	9,204,360	688,419,492	71,178,030	113,195,800	10,789,400	892,787,082	820,571	893,607,653	3.416	1,872,659,300
2020	9,816,000	689,565,100	70,090,000	113,195,800	10,883,200	893,550,100	760,273	894,310,373	3.414	1,872,659,300
2021	9,277,400	691,592,850	75,575,200	113,233,700	10,883,200	900,562,350	696,055	901,258,405	3.367	2,199,998,028
2022	9,382,300	694,297,300	75,764,200	113,714,800	10,883,200	904,041,800	648,273	904,690,073	3.408	2,437,341,714
2023	9,612,300	695,642,200	75,785,300	113,013,800	10,883,200	904,936,800	602,695	905,539,495	3.439	2,918,812,950

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

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

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

b Tax rates are per \$100

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

(rate per \$100 of assessed value)

UNAUDITED

<u>Calendar Year Ended</u> <u>Dec. 31</u>	<u>Local School</u> <u>District</u>	<u>Township of</u> <u>Hillside</u>	<u>County of Union</u>	<u>Total</u>
2014	3.076	3.245	0.960	7.281
2015	3.201	3.246	0.950	7.397
2016	3.302	3.191	0.975	7.468
2017	3.361	3.177	1.028	7.566
2018	3.384	3.179	1.049	7.612
2019	3.416	3.184	1.089	7.689
2020	3.414	3.289	1.138	7.841
2021	3.387	3.284	1.216	7.887
2022	3.408	3.309	1.222	7.939
2023	3.439	3.378	1.196	8.013

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any appending growth adjustments.

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

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
RXR 591 N Union Hillside Owner LLC						
Hillside Rlty % Nomura #07852	\$ 14,415,000.00	1	1.59%	*	*	*
HIC Realty Co % Industrial Prop Inc	7,622,000.00	2	0.84%	*	*	*
RXR 591 N Union Hillside Owner LLC	5,686,200.00	3	0.63%	*	*	*
Vitamin realty Associates, LLC	4,874,000.00	4	0.54%	*	*	*
Hillside 22 Prop LLC	4,350,200.00	5	0.48%	*	*	*
Wessex LTD	3,937,300.00	6	0.43%	*	*	*
1441 Chestnut Associates LLC	3,743,700.00	7	0.41%	*	*	*
635 Partners LLC	3,715,300.00	8	0.41%	*	*	*
1350 Liberty Ave, LLC	3,175,200.00	9	0.35%	*	*	*
AH Realty Estate Company	3,025,000.00	10	0.33%	*	*	*
Total	\$ 54,543,900.00		6.02%	\$ -		0.00%

(*) Not Available at time of Audit

Source: Municipal Tax Assessor

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$26,040,588	\$26,040,588	100.00%	-
2015	26,561,400	26,561,400	100.00%	-
2016	28,212,610	28,212,610	100.00%	-
2017	28,776,862	28,776,862	100.00%	-
2018	29,927,936	29,927,936	100.00%	-
2019	29,927,936	29,927,936	100.00%	-
2020	30,526,495	30,526,495	100.00%	-
2021	30,526,495	30,526,495	100.00%	-
2022	30,526,495	30,526,495	100.00%	-
2023	31,136,524	31,136,524	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population ^a	Per Capita ^a
	General Obligation Bonds	Installment Purchases				
2014			\$ -		21,626	-
2015					21,733	-
2016		6,750,000.00		6,750,000.00	21,780	310
2017		5,445,000.00		5,445,000.00	21,818	250
2018		4,120,000.00		4,120,000.00	21,906	188
2019		2,770,000.00		2,770,000.00	21,976	126
2020		1,400,000.00		1,400,000.00	22,054	63
2021					21,967	-
2022		4,542,000.00		4,542,000.00	21,841	208
2023		4,407,000.00		4,407,000.00	22,180	199

Source: District ACFR Schedules I-2

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Total Municipal Assessed Value	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	<u>General Obligation Bonds</u>	<u>Deductions</u>				
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						

NOT APPLICABLE

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

a See Exhibit J-6 for property tax data.

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Hillside Township	\$ 30,810,648	100.00%	\$ 30,810,648
Other debt Union County	535,794,559	2.85%	<u>15,270,145</u>
Subtotal, overlapping debt			<u>46,080,793</u>
Total direct and overlapping debt			<u>\$ 46,080,793</u>

Sources: Township Chief Financial Officer and County Treasurer's Office

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

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 UNAUDITED

Equalized valuation basis	
2022	\$ 2,397,025,153
2021	2,608,314,484
2020	2,918,210,255
[A]	\$ 7,923,549,892
[A/3]	\$ 2,641,183,297
[B]	\$ 105,647,332
[C]	-
[B-C]	\$ 105,647,332

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 73,847,923	\$ 66,664,353	\$ 65,567,923	\$ 65,584,697	\$ 67,169,229	\$ 70,251,819	\$ 74,348,953	\$ 80,545,038	\$ 87,877,358	\$ 105,647,332
Total net debt applicable to limit										
Legal debt margin	\$ 69,831,998	\$ 73,847,923	\$ 66,664,353	\$ 65,567,923	\$ 65,584,697	\$ 67,169,229	\$ 70,251,819	\$ 80,545,038	\$ 87,877,358	\$ 105,647,332
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year Ended June 30,</u>	<u>Unemployment Rate (a)</u>	<u>Per Capita Income (b)</u>	<u>Population (c)</u>
2014	9.1%	58,571	21,733
2015	7.8%	60,584	21,780
2016	7.0%	61,264	21,818
2017	6.4%	64,413	21,906
2018	6.0%	68,262	21,976
2019	5.3%	65,130	22,054
2020	5.3%	68,313	21,967
2021	13.7%	70,865	21,841
2022	9.6%	72,543	22,180
2023	5.5%	77,007	22,031

Source:

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

EXHIBIT "J-15"

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT AND NINE YEARS AGO
 UNAUDITED

Employer	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
	-		-			

* Information for this schedule was not available at the time of audit.

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

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction	229	206	202	204	228	229	229	228	224	223
Regular	56	62	61	63	71	71	71	71	72	58
Special education										
Other special education										
Support Services:										
Student & instruction related services	58	75	73	69	75	79	79	81	92	93
General administration	5	4	4	5	5	5	5	4	4	29
School administrative services	30	28	28	27	29	30	32	34	33	28
Central services	8	8	8	8	8	8	8	8	8	13
Administrative Information Technology	0	0	1	1	1	1	1	2	1	1
Plant operations and maintenance	66	75	74	72	69	71	72	65	64	64
Pupil transportation	11	11	9	4	4	4	4	2	3	9
Other Support Services	11	10	9	8	1	1	1	1	1	3
Food Service			1	1	1	1	1	1	1	1
Total	474	477	466	460	489	497	502	496	498	522

Source: District Personnel Records

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
 OPERATING STATISTICS
 UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost per Pupil ^d	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Middle School	Senior High School				
2014	3,007	\$55,167,628.00	18,346	2.81%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	0.66%	93.29%
2015	3,084	55,292,489.00	17,929	-2.28%	296	1:11	1:13	1:9	3,084	2,920	1.51%	94.68%
2016	3,041	56,801,012.00	18,678	4.18%	281	1:12	1:12	1:9	3,041	2,869	-1.39%	94.34%
2017	3,106	59,213,457.00	19,064	2.07%	284	1:11	1:12	1:10	3,072	2,898	1.02%	94.34%
2018	3,026	60,897,550.00	20,125	5.56%	276	1:12	1:12	1:10	3,026	2,852	-1.50%	94.25%
2019	3,089	63,419,350.00	20,531	2.02%	285	1:12	1:12	1:10	3,089	2,910	2.08%	94.21%
2020	3,090	66,095,297.47	21,390	4.18%	310	1:12	1:12	1:10	3,090	2,992	0.03%	96.83%
2021	3,198	69,427,690.63	21,710	1.49%	309	1:12	1:12	1:10	3,020	2,869	-2.27%	95.00%
2022	3,048	74,092,177.06	24,308	11.97%	296	1:11	1:10	1:11	2,932	2,688	-2.91%	91.68%
2023	3,084	84,765,086.39	27,485	13.07%	309	1:11	1:10	1:11	3,031	2,809	3.38%	92.68%

133 Sources: District records

Note: Enrollment based on annual October district count.

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District Building										
Early Learning Center										
A.P. Morris/Early Childhood Center	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Square Feet	775	775	775	775	775	775	775	775	775	775
Capacity	653	676	642	616	600	639	662	639	656	655
Enrollment										
Elementary										
Deanna Taylor Academy										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	153	153	153	153	153	153	153	153	153	153
Enrollment	204	219	232	224	212	210	233	229	215	213
Hurden Looker										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	433	433	433	433	433	433	433	433	433	433
Enrollment	411	446	469	492	486	465	443	393	374	390
Ola Edwards Community School										
Square Feet	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Capacity (students)	330	330	330	330	450	450	450	450	450	450
Enrollment	217	204	231	247	474	488	437	411	390	399
Saybrook										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)										
Enrollment								120	120	120
APM Annex										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Middle School										
W.O. Krumbiegel										
Square Feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	701	712	666	622	410	450	474	476	382	386
High School										
Hillside High School										
Square Feet	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	821	826	801	871	844	837	841	853	932	915
Other Administration Building										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000

Number of Schools at June 30, 2023

Early Learning Center -	1
Elementary -	4
Middle School -	1
Senior High School -	1
Other-	1
	<hr/>
	8

Source: District records

N/A-Not Applicable

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

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

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Deanna Edwards	N/A	\$ 126,639	\$ 170,961	\$ 199,272	\$ 47,775	\$ 160,857	\$ 102,334	\$ 71,302	\$ 99,955	\$ 106,508	\$ 110,896
Hurden Looker	N/A	221,056	172,639	199,502	116,099	150,071	181,531	107,283	385,129	147,442	175,272
Walter Krumbiegel	N/A	195,253	260,916	300,999	110,384	263,198	230,838	299,243	174,119	225,878	211,894
A.P. Morris	N/A	440,456	309,380	300,242	329,109	131,621	232,576	242,858	328,626	317,806	323,440
A.P. Morris Annex	N/A				37,752						
Ola Edwards Community School	N/A	170,856	247,710	87,000	101,053	121,306	141,403	159,861	94,550	183,004	134,777
Hillside High School	N/A	380,456	439,971	445,000	278,407	402,396	493,899	444,355	500,624	359,771	582,576
Saybrook	N/A	78,202	58,699	47,500	88,486	12,717	22,248	17,692	27,955	37,193	20,029
		<u>1,612,918</u>	<u>1,660,276</u>	<u>1,579,515</u>	<u>1,109,065</u>	<u>1,242,166</u>	<u>1,404,829</u>	<u>1,342,594</u>	<u>1,610,958</u>	<u>1,377,602</u>	<u>1,558,884</u>
Other Facilities											
Stadium	N/A	85,000	22,234	29,000	32,332	3,540	7,203	8,291	28,675	164,468	4,098
Administration	N/A	146,968	205,882	13,000	76,324	19,607	13,441	13,782	14,411	44,378	40,659
		<u>231,968</u>	<u>228,116</u>	<u>42,000</u>	<u>108,656</u>	<u>23,147</u>	<u>20,644</u>	<u>22,073</u>	<u>43,086</u>	<u>208,846</u>	<u>44,757</u>
Grand Total		<u>\$ 1,844,886</u>	<u>\$ 1,888,392</u>	<u>\$ 1,621,515</u>	<u>\$ 1,217,721</u>	<u>\$ 1,265,313</u>	<u>\$ 1,425,473</u>	<u>\$ 1,364,667</u>	<u>\$ 1,654,044</u>	<u>\$ 1,586,448</u>	<u>\$ 1,603,641</u>

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2023
UNAUDITED

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

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities and each major fund of the Township of Hillside School District, in the County of Union, State of New Jersey (the "District") as of and for the 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 April 23, 2024.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY LLC

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified item 2023-001 to be a significant deficiency. However, we also noted other matters that we have reported to the Hillside Board of Education of the Hillside School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated April 4, 2024.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002. However, we also noted other matters that we have reported to the Hillside Board of Education of the Hillside School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated April 4, 2024.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

April 23, 2024



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Township of Hillside School District, County of Union, State of New Jersey (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the *New Jersey OMB State Grant Compliance Supplement*. Our responsibilities under those standards, Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Finding – Finance and Compliance* as items 2023-003 and 2023-004. Our opinion on each major federal and state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying *Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings*. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Responsibilities of Management for Compliance

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

Auditor's 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 generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and the New Jersey OMB State Grant Compliance Supplement 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 or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and New Jersey OMB State Grant Compliance Supplement, 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.

SUPLEE, CLOONEY & COMPANY LLC

- 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 the New Jersey OMB State Grant Compliance Supplement, 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 and the New Jersey OMB State Grant Compliance Supplement. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

April 23, 2024

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL ASSISTANCE NUMBER	FEDERAL AWARD ID NUMBER	GRANT OR PROJECT NUMBER	STATE PROJECT NUMBER	AMOUNT	CARRYOVER/ (DEFICIENCY) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBSIDIARY EXPENDITURES	ADJUSTMENTS/ ADDITIONS/ YEAR CHARGES	REPAYMENT OF OTHER FEDERAL BALANCES	BALANCE AT JUNE 30, 2023					
											(ACCOMPLISHED)	UNEXPENDED				
FEDERAL GRANTOR/ PASS-THROUGH GRANTEE/ PROGRAM TITLE				AMOUNT	AMOUNT	RECEIVED	EXPENDITURES	EXPENDITURES	ADJUSTMENTS/ ADDITIONS/ YEAR CHARGES	REPAYMENT OF OTHER FEDERAL BALANCES	(ACCOMPLISHED)	UNEXPENDED				
				FROM	TO						REVENUE	GRANTOR				
Educational Funds																
U.S. Department of Agriculture																
Passed-Through State Department of Education:																
Child Nutrition Cluster																
10.555	21NU004N1099	N/A	N/A	\$ 1,111,120.75	07/01/2021	06/30/2022	\$ 4,469.47	\$ (4,469.47)	\$ (150,380.94)	\$ (189,109.03)		\$ 18,021.47				
10.555	21NU004N1099	N/A	N/A	168,402.41	07/01/2021	06/30/2022	291,064.65	(64,184.24)	(64,184.24)	(64,184.24)						
10.555	21NU004N1099	N/A	N/A	1,438,531.12	07/01/2021	06/30/2022	34,184.24	(64,306.54)	(64,306.54)	(64,306.54)						
10.555	21NU004N1099	N/A	N/A	843,906.54	07/01/2021	06/30/2022	674,797.51	(147,208.72)	(147,208.72)	(147,208.72)						
10.555	21NU004N1099	N/A	N/A	147,208.72	07/01/2021	06/30/2022	85,428.37	(13,855.00)	(13,855.00)	(13,855.00)						
10.555	21NU004N1099	N/A	N/A	443,244.17	07/01/2021	06/30/2022	248,085.07	(1,519,272.13)	(1,519,272.13)	(1,519,272.13)						
10.553	21NU004N1099	N/A	N/A	313,855.06	07/01/2021	06/30/2022	1,689,100.89	(1,522,529.13)	(1,522,529.13)	(1,522,529.13)						
10.649	21NU004N1099	N/A	N/A	3,256.00	07/01/2021	06/30/2022										
P-EET Administrative Cost Reimbursement																
Total P-EET Administrative Cost Reimbursement																
Total Enterprise Funds																
Social Revenue Funds																
U.S. Department of Education																
Passed-Through State Department of Education:																
84.010	5010A19000	ESEA219020	ESEA219021	974,929.00	07/01/2021	06/30/2022	(480,397.48)	480,397.48		(611,888.79)						
84.010	5010A00000	ESEA219021	ESEA219021	1,207,471.00	07/01/2021	06/30/2022	(480,397.48)	523,794.00		(611,888.79)						
84.010	5010A19000	ESEA219020	ESEA219021	38,422.00	07/01/2021	06/30/2022			25,777.00	(10,000.00)						
84.010	5010A00000	ESEA219021	ESEA219021	30,800.00	07/01/2021	06/30/2022				(10,000.00)						
84.397	5367A19000	ESEA219020	ESEA219021	595,150.00	07/01/2021	06/30/2022	(158,298.75)	132,511.75		(183,233.13)						
84.397	5367A00000	ESEA219021	ESEA219021	228,214.00	07/01/2021	06/30/2022	(158,298.75)	165,728.00		(183,233.13)						
84.385	5365A19000	ESEA219020	ESEA219021	135,686.00	07/01/2021	06/30/2022	(24,291.47)	25,822.45		(106,038.00)						
84.385	5365A00000	ESEA219021	ESEA219021	106,038.00	07/01/2021	06/30/2022	(24,291.47)	25,822.45		(106,038.00)						
84.424	5168A19000	ESEA219020	ESEA219021	38,507.00	07/01/2021	06/30/2022	(15,729.50)	189.10		(189.10)						
84.424	5168A00001	ESEA219021	ESEA219021	107,288.00	07/01/2021	06/30/2022	(15,729.50)	51,168.00		(189.10)						
84.027	H072A19000	DEA219020	DEA219021	822,297.00	07/01/2021	06/30/2022	17,882.17		933.08	(878,560.00)		18,515.25				
84.027	H072A0000	DEA219021	DEA219021	862,695.00	07/01/2021	06/30/2022				(878,560.00)						
84.173	H173A190114	DEA219020	DEA219021	48,748.00	07/01/2021	06/30/2022	(6,834.00)	6,834.00		(1,392.32)						
84.173	H173A00114	DEA219021	DEA219021	48,277.00	07/01/2021	06/30/2022		18,287.00		(1,392.32)						
84.027X	H072X210100	DEA219020	DEA219021	170,564.00	07/01/2021	06/30/2022	(170,564.00)	170,564.00		(888,178.23)		18,515.25				
84.173X	H173X210114	DEA219021	DEA219021	14,475.00	07/01/2021	06/30/2022	(14,475.00)	14,475.00		(888,178.23)						
Total Special Education Cluster																
Education Stabilization Fund																
Corona Virus Relief Fund																
84.4250	54580210027	21-5120-518	21-5120-518	2,286,171.00	03/13/2020	09/30/2023	(2,023,816.18)	2,286,171.00		(4,558.40)		257,696.42				
84.4250	54580210027	21-5120-518	21-5120-518	146,714.00	03/13/2020	09/30/2023	(16,460.91)	16,238.07		(138,806.80)						
84.4250	54580210027	21-5120-518	21-5120-518	45,000.00	03/13/2020	09/30/2023		888,189.50		(1,474,560.04)						
84.4250	54580210027	21-5120-518	21-5120-518	5,130,021.00	03/13/2020	09/30/2024										
84.425U	54580210027	21-5120-518	21-5120-518	316,518.00	03/13/2020	09/30/2024	(71,284.50)	55,868.00	79.00	(15,247.50)						
84.425U	54580210027	21-5120-518	21-5120-518	148,706.00	04/01/2021	08/31/2022	(2,111,671.85)	3,227,674.87	79.00	(1,854,404.40)		257,696.42				
Total Education Stabilization Fund																
Total U.S. Department of Education																
U.S. Department of Treasury																
Passed-Through State Department of Education:																
21.019	5377A100031	21-5120-516	5377A100031	194,330.00	07/16/2020	10/31/2020	(6,866.50)			(6,866.50)		6,873.00				
21.019	5377A100031	21-5120-516	5377A100031	6,873.00	07/16/2020	10/31/2020	186.50			(6,866.50)		6,873.00				
Total U.S. Department of Treasury																
Total Special Revenue Fund																
Grand Total																
U.S. Department of Health & Human Services																
Passed-Through State Department of Education:																
93.778	1905NSWAP	N/A	N/A	54,376.48	07/01/2022	06/30/2023	(54,276.48)	54,276.48		(54,376.48)		301,108.14				
Total Federal Financial Assistance																
											\$ 3,289,541.46	\$ 5,031,546.84	\$ 29,258.10	\$ (6,167,703.11)	\$ (3,887,952.72)	\$ 301,108.14

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Table with columns: STATE GRANTOR/PROGRAM TITLE, GRANT OR STATE PROJECT NUMBER, AWARD AMOUNT, GRANT PERIOD FROM TO, BALANCE AT JUNE 30, 2022 (ACCTS RECEIVABLE, DUE TO GRANTOR, UNEARNED REVENUE), CARRYOVER (WALKOVER) AMOUNT, CASH RECEIVED, BUDGETARY EXPENDITURES, ADJUSTMENTS, REPAYMENT OF PRIOR YEARS BALANCES, (ACCOUNTS RECEIVABLE), BALANCE AT JUNE 30, 2023 (UNEARNED REVENUE), DUE TO GRANTOR, BUDGETARY RECEIVABLE, MEMO CUMULATIVE TOTAL EXPENDITURES.

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

TOWNSHIP OF HILLSIDE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM TO	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS BALANCES	BALANCE AT JUNE 30, 2023		DUE TO GRANTOR	MEMO	
									(ACCTS RECEIVABLE)	UNEARNED REVENUE		(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
Enterprise Fund:													
State School Lunch Program	22-100-010-3350-023	33,743.33	07/01/2021 06/30/2022	\$	6,698.46	\$	\$	\$	\$	\$	\$	\$	\$
State School Lunch Program	23-100-010-3350-023	26,815.16	07/01/2022 06/30/2023		21,462.99	(26,815.16)			(5,362.18)			(5,362.18)	26,815.16
National School Breakfast Program (State Share)	23-100-010-3350-023	4,051.33	07/01/2021 06/30/2022		3,044.53	(4,051.33)			(1,006.80)			(1,006.80)	4,051.33
National School Summer Breakfast Program (State Share)	23-100-010-3350-023	1,054.30	07/01/2022 06/30/2023		1,054.30	(1,054.30)							1,054.30
Breakfast After the Bell	23-100-010-3350-023	17,079.00	07/01/2022 06/30/2023		13,698.60	(17,079.00)			(3,380.40)			(3,380.40)	17,079.00
Total Enterprise Fund					45,948.87	(48,599.79)			(9,749.38)			(9,749.38)	82,743.12
Total State Financial Assistance					45,666,653.58	(46,730,562.04)	3,325,558.52	(119,314.21)	(653,409.03)	3,982,225.84	36,496.40	(4,167,269.03)	55,404,260.23
Less: On-Behalf amounts not utilized for determination of Major Programs:													
On-behalf TPAF Contributions	23-495-034-5094-002	9,057,621.00	07/01/2022 06/30/2023		9,057,621.00	(9,057,621.00)							
NCCI	23-495-034-5094-004	131,907.00	07/01/2022 06/30/2023		131,907.00	(131,907.00)							
Long-Term Disability Insurance	23-495-034-5094-002	3,842.00	07/01/2022 06/30/2023		3,842.00	(3,842.00)							
Post Retirement Medical	23-495-034-5094-001	2,532,281.00	07/01/2022 06/30/2023		2,532,281.00	(2,532,281.00)							
Total State Financial Assistance Subject to Single Audit					33,941,002.58	(37,004,911.04)							

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

Township of Hillside School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Hillside School District. The Board of Education is defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Township of Hillside School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2023

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$164,743.00) for the general fund. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$653,362.40) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$54,376.48	\$44,057,716.30	\$44,112,092.78
Special Revenue Fund	3,984,254.53	4,412,290.52	8,396,545.05
Food Service Fund	1,522,529.13	48,999.79	1,571,528.92
	<u>5,561,160.14</u>	<u>48,519,006.61</u>	<u>54,080,166.75</u>
GAAP Adjustment	<u>606,549.97</u>	<u>211,555.43</u>	<u>818,105.40</u>
Total Awards & Financial Assistance	<u>\$6,167,710.11</u>	<u>\$48,730,562.04</u>	<u>\$54,898,272.15</u>

NOTE 4: 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 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2023. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2023.

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | Yes |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weaknesses identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? | Yes |

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

<u>Program</u>	<u>AL</u>
CARES-ESSERF	84.425D
Title I	84.010

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

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I – Summary of Auditor’s Results (Continued)

Federal Program(s)

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

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? Yes
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
Equalization Aid	495-034-5120-078
Categorical Special Education Aid	495-034-5120-089
Categorical Security Aid	495-034-5120-084
Transportation Aid	495-034-5120-014

- (5) Program Threshold Determination:
 Type A State Program Threshold > \$1,461,916.00
 Type B State Program Threshold <= \$1,461,916.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

Internal Control Findings

Finding #2023-001

Criteria

Per N.J.A.C. 6A:23A-13.3 all budget amendments are required to be approved by board resolution and amendments, without Commissioner Approval, are limited to amounts excluded from the excess surplus calculation of the previous year.

Condition

Budget amendments were not approved by Board resolution and the total amount was in excess of the amount permitted by N.J.A.C. 6A:23A-13.3(d)6 without Commissioner approval. The excess amendments were not recognized for financial statement presentation purposes which caused several budgetary line accounts to be over-expended.

Cause

Unknown

Effect or Potential Effect

Several line items were over-expended

Recommendation

That all budget amendments be approved by Board resolution, comply with N.J.A.C. 6A:23A-13.3(d)6 and purchase orders not be issued that would cause over-expenditure in the line account to be charged, prior to board approving the requested transfer of additional appropriations to cover such orders.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Compliance Findings

Finding #2023-002

As discussed above in detail, the District did not comply with various administrative and statutory regulations relative to budget amendments and over-expended funds.

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

Federal Programs

Education Stabilization Fund 84.425D

Finding FY2023-003:

Criteria

Uniform Guidance 2 CFR 200.302 requires districts must ensure that expenditures are charged to the proper budget accounts and that a system is in place to prevent over budgeted expenditures.

Condition

The District charged salaries to non-salary budget account and overexpended that budget account.

Questioned Costs

None

Cause

Unknown

Effect or Potential Effect

The District is not in compliance with CFR 200.302.

Recommendation

That ESSER salaries be charged to salary budget lines and purchase orders not be issued that would cause over-expenditure in the line account to be charged.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Township of Hillside School District
Union County, New Jersey

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

State Programs

State Aid Public

Finding FY2023-004:

Criteria

School districts must complete a set of ASSA workpapers that agrees with the data reported in ASSA October 14, 2022 student count.

Condition

The number of students reported on the ASSA workpapers did not always agree with the data reported in the ASSA October 14, 2022 student count.

Questioned Costs

None

Cause

Unknown

Effect or Potential Effect

The differences may impact the districts state aid allocation.

Recommendation

The District should take measures to ensure that the reporting of students on their ASSA report agree with District workpapers.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

State Programs – None Reported

Township of Hillside School District
Union County, New Jersey

Schedule of Prior Year Audit Findings

Federal Program(s)-

Finding FY2022-005

Condition

The District's net cash resources exceeded three months average expenditures at June 30, 2022.

Current Status

This condition has not been corrected.

