

**HILLSBOROUGH TOWNSHIP
PUBLIC SCHOOLS**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024**

**Annual Comprehensive
Financial Report**

of the

Hillsborough Township School District

Hillsborough, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

**Hillsborough Township School District
Board of Education**

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HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION

379 South Branch Road • Hillsborough • NJ • 08844-3443 • (908) 431-6600 • www.hillsboroughnj.org

September 13, 2024

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

Dear Board Members and Constituents:

The annual comprehensive financial report of the Hillsborough Township Public Schools (the "District") for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Hillsborough Township Public Schools Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

The Hillsborough School District is still experiencing significant State aid reductions that will continue through the 2025-26 Fiscal Year. The Hillsborough Township ratable base increased by approximately 10% during the 2023-2024 year, which negatively impacts state aid funding. The District's enrollment is remaining consistent. The Board has two bargaining units, the Hillsborough Education Association (HEA) and the Hillsborough Principals and Supervisors Association (HPSA). The District's largest bargaining unit, The Hillsborough Education Association's (HEA) has a settled contract through the 2024-25 school year. Negotiations will commence in the coming months for the next contract. The Hillsborough Principals and Supervisors Association's (HPSA) contract was ratified in June 2023, and expires at the end of the 2025-26 School Year.

3) MAJOR INITIATIVES:

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

Staff members interested in enrolling and completing graduate coursework remained active. Additionally, there was a renewed interest in staff embracing professional development to grow their knowledge and skills. Relationships with area colleges and universities continued to flourish. Princeton University, The College of New Jersey, Rider University, Rutgers University, Kean University, Montclair State College, Raritan Valley Community College and Mercer County Community College are several of the Institutions with which we continue to maintain our collegial and professional relationships. A major focus was expending the ESSER funds and the High-Impact Tutoring grant funds in a manner that best served the needs of the staff and students in the district.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2024.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) OTHER INFORMATION:

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

8) ACKNOWLEDGMENTS:

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

Respectfully submitted,

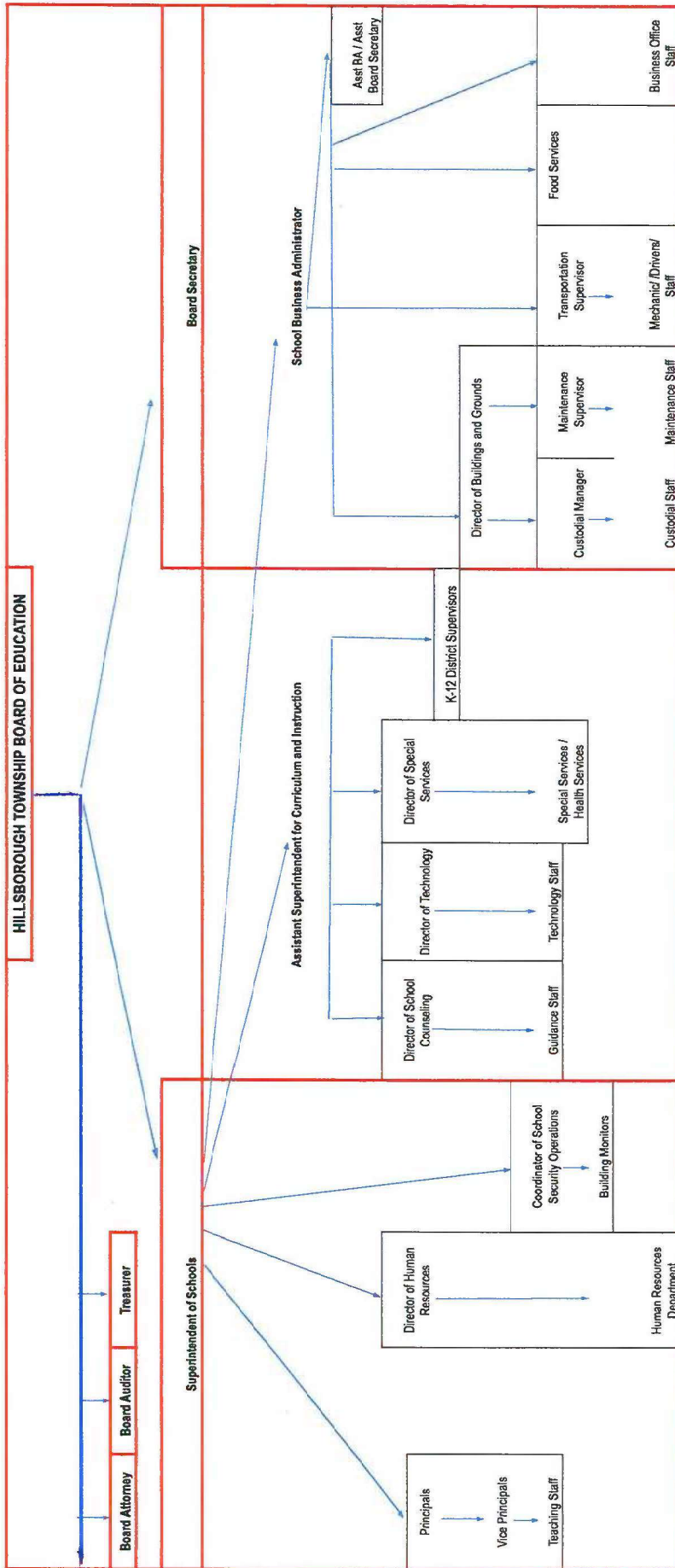


Michael Volpe
Superintendent of Schools



Gerald M. Eckert
Business Administrator

HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION



**HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Paul Marini, President	2026
Cynthia DeCavalcante-Nurse, Vice President	2026
Joel Davis	2025
Elaine Jackson	2024
Cassandra Kragh	2026
Allison Laning-Beder	2024
Danny Lee	2025
Jane Staats	2024
Jean Trujillo	2025

OTHER OFFICIALS

TITLE

Mr. Michael Volpe

Superintendent of Schools

Mr. Gerald Eckert

School Business Administrator/Board Secretary

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
Consultants and Advisors

Audit Firm

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

Attorney

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

Architect of Record

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

Official Depository

TD Bank
380 US-206
Hillsborough, NJ 08844

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and of the Board of Education of the Hillsborough Township Public Schools (the “District”), in the County of Somerset, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

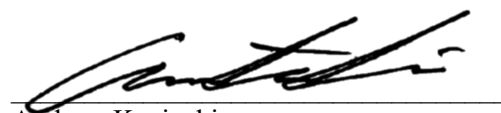
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated.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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

September 13, 2024
Mount Arlington, New Jersey

NISIVOCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

This section of Hillsborough Township Public Schools's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2024. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of Hillsborough Township Public Schools's Financial Report

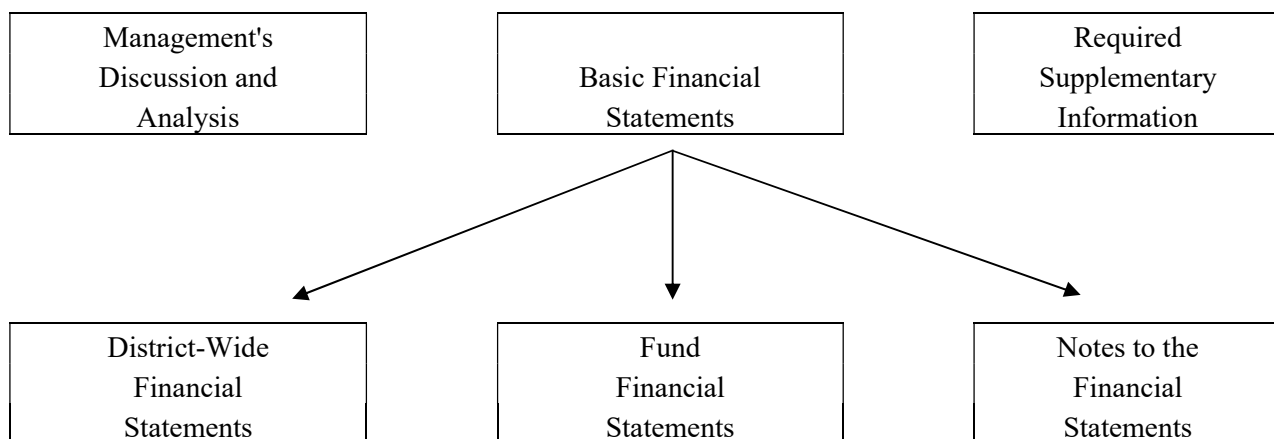


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

Financial Analysis of the District as a Whole

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

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Current and							
Other Assets	\$23,148,907	\$23,679,201	\$1,775,022	\$ 1,881,615	\$24,923,929	\$25,560,816	
Capital Assets, Net	103,993,577	106,024,379	328,394	226,078	104,321,971	106,250,457	
Lease Assets, Net	2,870,436	4,015,737			2,870,436	4,015,737	
Total Assets	<u>130,012,920</u>	<u>133,719,317</u>	<u>2,103,416</u>	<u>2,107,693</u>	<u>132,116,336</u>	<u>135,827,010</u>	-2.73%
Deferred Outflows of Resources	<u>4,547,042</u>	<u>4,072,900</u>			<u>4,547,042</u>	<u>4,072,900</u>	11.64%
Other Liabilities	7,357,104	6,751,362	462,024	448,218	7,819,128	7,199,580	
Long-Term Liabilities							
Outstanding	<u>68,539,078</u>	<u>69,917,566</u>			<u>68,539,078</u>	<u>69,917,566</u>	
Total Liabilities	<u>75,896,182</u>	<u>76,668,928</u>	<u>462,024</u>	<u>448,218</u>	<u>76,358,206</u>	<u>77,117,146</u>	-0.98%
Deferred Inflows of Resources	<u>2,320,178</u>	<u>4,714,602</u>			<u>2,320,178</u>	<u>4,714,602</u>	-50.79%
Net Position:							
Net Investment in							
Capital Assets	61,791,907	61,175,168	328,394	226,078	62,120,301	61,401,246	
Restricted	18,980,113	18,800,849			18,980,113	18,800,849	
Unrestricted/(Deficit)	<u>(24,428,418)</u>	<u>(23,567,330)</u>	<u>1,312,998</u>	<u>1,433,397</u>	<u>(23,115,420)</u>	<u>(22,133,933)</u>	
Total Net Position	<u>\$56,343,602</u>	<u>\$56,408,687</u>	<u>\$ 1,641,392</u>	<u>\$ 1,659,475</u>	<u>\$57,984,994</u>	<u>\$58,068,162</u>	-0.14%

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

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

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

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Percentage Change
	2023/24	2023/24	2023/24	2022/23	2022/23	2022/23	2023/24
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,225,277	\$ 2,544,213	\$ 4,769,490	\$ 1,806,075	\$ 2,519,254	\$ 4,325,329	
Operating Grants and Contributions	31,236,987	949,832	32,186,819	30,674,910	1,213,127	31,888,037	
General Revenue:							
Property Taxes	110,691,708		110,691,708	105,521,272		105,521,272	
Unrestricted State and Federal Aid	16,882,581		16,882,581	18,907,511		18,907,511	
Other	1,850,645		1,850,645	1,778,858		1,778,858	
Total Revenue	162,887,198	3,494,045	166,381,243	158,688,626	3,732,381	162,421,007	2.44%
Expenses:							
Instruction	98,868,768		98,868,768	94,274,736		94,274,736	
Pupil and Instruction Services	25,583,676		25,583,676	24,406,512		24,406,512	
Administrative and Business	12,434,569		12,434,569	12,139,429		12,139,429	
Maintenance and Operations	11,643,295		11,643,295	10,448,004		10,448,004	
Pupil Transportation	13,434,315		13,434,315	12,119,718		12,119,718	
Other	987,660	3,512,128	4,499,788	1,076,921	3,903,447	4,980,368	
Total Expenses	162,952,283	3,512,128	166,464,411	154,465,320	3,903,447	158,368,767	5.11%
Increase (Decrease) in Net Position	\$ (65,085)	\$ (18,083)	\$ (83,168)	\$ 4,223,306	\$ (171,066)	\$ 4,052,240	-102.05%

Governmental Activities

The financial position of the District declined slightly. Maintaining existing programs and the provision of a multitude of special programs and services for disabled students places great demands on the District's resources.

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

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

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2023/24	2022/23	2023/24	2022/23
Instruction	\$ 98,868,768	\$ 94,274,736	\$ 68,765,993	\$ 64,874,416
Pupil and Instruction Services	25,583,676	24,406,512	24,145,045	23,260,441
Administrative and Business	12,434,569	12,139,429	11,615,667	11,257,847
Maintenance and Operations	11,643,295	10,448,004	11,643,295	10,448,004
Transportation	13,434,315	12,119,718	12,332,359	11,066,706
Other	987,660	1,076,921	987,660	1,076,921
	<u>\$ 162,952,283</u>	<u>\$ 154,465,320</u>	<u>\$ 129,490,019</u>	<u>\$ 121,984,335</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$18,083. (Refer to Figure A-4). Factors contributing to this result were:

- Expenses exceeded revenues in the Food Service Fund by \$14,500 due to the rising cost of food exceeding the increase in meal prices.
- Expenses exceeded revenues in the Summer Enrichment Fund by \$3,583.

Financial Analysis of the District's Funds

The Hillsborough School District is still experiencing significant State aid reductions that will continue through the 2025-26 Fiscal Year. The Hillsborough Township ratable base increased by approximately 10% during the 2023-2024 year, which negatively impacts state aid funding. The District's enrollment is remaining consistent. The Board has two bargaining units, the Hillsborough Education Association (HEA) and the Hillsborough Principals and Supervisors Association (HPSA). The District's largest bargaining unit, The Hillsborough Education Association's (HEA) has a settled contract through the 2024-25 school year. Negotiations will commence in the coming months for the next contract. The Hillsborough Principals and Supervisors Association's (HPSA) contract was ratified in June 2023, and expires at the end of the 2025-26 School Year.

Figure A-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Construction in Progress	\$ 34,762,836	\$ 34,627,187			\$ 34,762,836	\$ 34,627,187	
Land Improvements	2,840,706	3,296,920			2,840,706	3,296,920	
Buildings and Building Improvements	62,894,927	65,217,289			62,894,927	65,217,289	
Furniture, Machinery and Equipment	3,495,108	2,882,983	\$ 328,394	\$ 226,078	3,823,502	3,109,061	
Total	<u>\$ 103,993,577</u>	<u>\$ 106,024,379</u>	<u>\$ 328,394</u>	<u>\$ 226,078</u>	<u>\$ 104,321,971</u>	<u>\$ 106,250,457</u>	-1.82%

Long-term Liabilities

At year-end, the District had \$32,425,000 in general obligation bonds outstanding – a reduction of \$1,515,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 9 to the Basic Financial Statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2023/24	2022/23	
General Obligation Bonds (Financed with Property Taxes)	\$ 32,425,000	\$ 33,940,000	
Obligations Under Financed Purchases	9,936,009	11,138,436	
Leases Payable	2,711,098	3,786,513	
Net Pension Liability	22,450,539	21,908,111	
Compensated Absences Payable	5,138,357	3,156,684	
	<u>\$ 72,661,003</u>	<u>\$ 73,929,744</u>	-1.72%

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

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

With the sunset of S-2 state aid reductions and the state now fully implementing the school aid formula, the Hillsborough School District faces uncertainty about future state aid awards. In addition, FY2024 was the last full year of Covid-related funding through the ARP ESSER award.

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 11,056,628	\$ 1,645,778	\$ 12,702,406
Internal Balances	(36,762)	36,762	
Receivables from Other Governments	2,837,916	30,775	2,868,691
Other Accounts Receivable	32,795	10,215	43,010
Inventory		51,492	51,492
Restricted Assets - Cash and Cash Equivalents	9,258,330		9,258,330
Capital Assets:			
Depreciable Land Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	103,993,577	328,394	104,321,971
Lease Assets, net	2,870,436		2,870,436
Total Assets	130,012,920	2,103,416	132,116,336
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
District Contribution Subsequent to the Measurement Date - Pensions	2,008,796		2,008,796
Deferred Outflows of Resources Related to Pensions	2,538,246		2,538,246
Total Deferred Outflows of Resources	4,547,042		4,547,042
<u>LIABILITIES</u>			
Accrued Interest Payable	424,701		424,701
Accounts Payable	2,372,060		2,372,060
Payable to Federal and State Governments	12,312		12,312
Unearned Revenue	426,107	462,024	888,131
Noncurrent Liabilities:			
Due Within One Year	4,121,924		4,121,924
Due Beyond One Year	68,539,078		68,539,078
Total Liabilities	75,896,182	462,024	76,358,206
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources Related to Pensions	2,320,178		2,320,178
Total Deferred Inflows of Resources	2,320,178		2,320,178
<u>NET POSITION</u>			
Net Investment in Capital Assets	61,791,907	328,394	62,120,301
Restricted for:			
Capital Projects	7,012,906		7,012,906
Excess Surplus	9,066,230		9,066,230
Maintenance Reserve	1,500,000		1,500,000
Unemployment Compensation	494,193		494,193
Student Activities	906,784		906,784
Unrestricted (Deficit)	(24,428,418)	1,312,998	(23,115,420)
Total Net Position	\$ 56,343,602	\$ 1,641,392	\$ 57,984,994

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction	\$ 98,868,768	\$ 786,646	\$ 29,316,129	\$ (68,765,993)		\$ (68,765,993)
Support Services:						
Tuition	2,065,212			(2,065,212)		(2,065,212)
Student & Instruction Related Services	23,518,464	1,438,631		(22,079,833)		(22,079,833)
General Administrative Services	2,349,863			(2,349,863)		(2,349,863)
School Administrative Services	6,428,289		818,902	(5,609,387)		(5,609,387)
Central Services	2,004,269			(2,004,269)		(2,004,269)
Administrative Information Technology	1,652,148			(1,652,148)		(1,652,148)
Plant Operations and Maintenance	11,643,295			(11,643,295)		(11,643,295)
Pupil Transportation	13,434,315		1,101,956	(12,332,359)		(12,332,359)
Interest on Long-Term Debt	649,762			(649,762)		(649,762)
Capital Outlay	71,124			(71,124)		(71,124)
Transfer of Funds to Charter Schools	266,774			(266,774)		(266,774)
Total Governmental Activities	162,952,283	2,225,277	31,236,987	(129,490,019)		(129,490,019)

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 3,234,651	\$ 2,270,319	\$ 949,832		\$ (14,500)	\$ (14,500)
Summer Enrichment	277,477	273,894			(3,583)	(3,583)
Total Business-Type Activities	3,512,128	2,544,213	949,832		(18,083)	(18,083)
Total Primary Government	\$ 166,464,411	\$ 4,769,490	\$ 32,186,819	\$ (129,490,019)	(18,083)	(129,508,102)
General Revenue:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				109,252,270		109,252,270
Taxes Levied for Debt Service				1,439,438		1,439,438
Federal and State Aid not Restricted				16,882,581		16,882,581
Miscellaneous Income				1,850,645		1,850,645
Total General Revenue				129,424,934		129,424,934
Change in Net Position				(65,085)	(18,083)	(83,168)
Net Position - Beginning				56,408,687	1,659,475	58,068,162
Net Position - Ending				\$ 56,343,602	\$ 1,641,392	\$ 57,984,994

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

FUND FINANCIAL STATEMENTS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 9,792,274		\$ 1,264,354	\$ 11,056,628
Interfund Receivable	787,725			787,725
Receivables:				
State Government	1,616,584	\$ 8,233		1,624,817
Federal Government		1,213,099		1,213,099
Other	27,983	4,812		32,795
Restricted Cash and Cash Equivalents	8,351,546	906,784		9,258,330
Total Assets	<u>\$ 20,576,112</u>	<u>\$ 2,132,928</u>	<u>\$ 1,264,354</u>	<u>\$ 23,973,394</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 363,264			\$ 363,264
Interfund Payable	36,762	\$ 787,725		824,487
Payable to State Government		12,312		12,312
Unearned Revenue		426,107		426,107
Total Liabilities	<u>400,026</u>	<u>1,226,144</u>		<u>1,626,170</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	\$ 6,357,353			\$ 6,357,353
Maintenance Reserve Account	1,500,000			1,500,000
Capital Projects Fund			\$ 655,553	655,553
Excess Surplus	4,533,115			4,533,115
Excess Surplus -				
Subsequent Year's Expenditures	4,533,115			4,533,115
Unemployment Compensation	494,193			494,193
Student Activities		\$ 906,784		906,784
Committed:				
Capital Projects Fund			608,801	608,801
Assigned:				
Year End Encumbrances	1,833,261			1,833,261
Unassigned	925,049			925,049
Total Fund Balances	<u>20,176,086</u>	<u>906,784</u>	<u>1,264,354</u>	<u>22,347,224</u>
Total Liabilities and Fund Balances	<u>\$ 20,576,112</u>	<u>\$ 2,132,928</u>	<u>\$ 1,264,354</u>	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(Continued)

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

Total Fund Balance from previous page	\$ 22,347,224
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	103,993,577
Long-term liabilities, such as bonds payable, leases, financed purchases payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(50,210,463)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(22,450,539)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	2,538,246
Deferred Inflows	(2,320,178)
Interest on long-term liability is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(424,701)
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	<u>2,870,436</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 56,343,602</u></u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 109,252,270			\$ 1,439,438	\$ 110,691,708
Tuition Charges	786,646				786,646
Unrestricted Miscellaneous Revenue	1,799,317				1,799,317
Restricted Miscellaneous Revenue	51,328	\$ 1,521,488			1,572,816
Total - Local Sources	111,889,561	1,521,488		1,439,438	114,850,487
State Sources	55,931,517	109,141		739,212	56,779,870
Federal Sources	30,443	4,810,388			4,840,831
Total Revenue	167,851,521	6,441,017		2,178,650	176,471,188
EXPENDITURES					
Current:					
Regular Instruction	36,716,049	2,694,871			39,410,920
Special Education Instruction	12,846,092	2,271,718			15,117,810
Other Special Instruction	5,734,840				5,734,840
Other Instruction	1,639,869				1,639,869
Support Services and Undistributed Costs:					
Tuition	2,065,212				2,065,212
Student & Instruction Related Services	18,243,725	1,414,258			19,657,983
General Administrative Services	1,854,677				1,854,677
School Administrative Services	4,503,474				4,503,474
Central Services	1,576,798				1,576,798
Administrative Information Technology	737,128				737,128
Plant Operations and Maintenance	11,881,003				11,881,003
Pupil Transportation	12,448,899				12,448,899
Unallocated Benefits	56,784,117				56,784,117
Debt Service:					
Principal				1,515,000	1,515,000
Interest and Other Charges				663,650	663,650
Capital Outlay	1,515,511	35,797	\$ 135,649		1,686,957
Transfer of Funds to Charter Schools	266,774				266,774
Total Expenditures	168,814,168	6,416,644	135,649	2,178,650	177,545,111
Excess/(Deficiency) of Revenue over/(under) Expenditures	(962,647)	24,373	(135,649)		(1,073,923)
OTHER FINANCING SOURCES/(USES)					
Leases (Non-Budgeted)	449,340				449,340
Transfers In			611,190		611,190
Transfers Out	(611,190)				(611,190)
Total Other Financing Sources/(Uses)	(161,850)		611,190		449,340
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,124,497)	24,373	475,541		(624,583)
Fund Balance - July 1	21,300,583	882,411	788,813		22,971,807
Fund Balance - June 30	\$ 20,176,086	\$ 906,784	\$ 1,264,354	\$ - 0 -	\$ 22,347,224

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (624,583)

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

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

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

Depreciation Expense	\$ (4,182,321)	
Capital Asset Deletions, Net	(173,969)	
Capital Asset Additions	<u>2,325,488</u>	(2,030,802)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (1,981,673)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,515,000

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

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

Amortization Expense	\$ (1,594,641)	
Lease Asset Additions	<u>449,340</u>	(1,145,301)

Repayment of financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,202,428

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (449,340)

Repayment of leases is an expenditure in the Governmentals Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 1,524,755

In the statement of activities, interest on long-term liabilities in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 26,524

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

Change in Net Pension Liability	(542,428)
Changes in Deferred Inflows	45,911
Changes in Deferred Outflows	<u>2,394,424</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (65,085)

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 355,745	\$ 1,290,033	\$ 1,645,778
Accounts Receivable:			
State		2,417	2,417
Federal		28,358	28,358
Other		10,215	10,215
Interfund Receivable		50,970	50,970
Inventories		51,492	51,492
Total Current Assets	355,745	1,433,485	1,789,230
Non-Current Assets			
Machinery and Equipment		1,057,199	1,057,199
Less: Accumulated Depreciation		(728,805)	(728,805)
Total Non-Current Assets		328,394	328,394
Total Assets	355,745	1,761,879	2,117,624
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund payable	14,208		14,208
Unearned Revenue - Donated Commodities		18,845	18,845
Unearned Revenue - Prepaid Sales	272,287	170,892	443,179
Total Liabilities	286,495	189,737	476,232
<u>NET POSITION:</u>			
Investment in Capital Assets		328,394	328,394
Unrestricted	69,250	1,243,748	1,312,998
Total Net Position	\$ 69,250	\$ 1,572,142	\$ 1,641,392

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN FUND BALANCE
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 1,762,381	\$ 1,762,381
Daily Sales - Non-Reimbursable Programs		507,938	507,938
Miscellaneous Revenue - Summer Enrichment	\$ 273,894		273,894
Total operating revenue	273,894	2,270,319	2,544,213
Operating expenses:			
Cost of Sales (Reimbursable) Programs		883,854	883,854
Cost of sales (Non-Reimbursable) Programs		283,080	283,080
Salaries	211,520	1,060,594	1,272,114
Employee Benefits	10,036	272,704	282,740
Other Purchased Services		90,127	90,127
Supplies and Materials	55,921	264,675	320,596
Management Fee		274,042	274,042
Miscellaneous		61,115	61,115
Depreciation		44,460	44,460
Total Operating Expenses	277,477	3,234,651	3,512,128
Operating (Loss)	(3,583)	(964,332)	(967,915)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program		31,494	31,494
State School Breakfast Program		956	956
New Jersey Expanded Income Eligibility - Lunch		11,307	11,307
New Jersey Expanded Income Eligibility - Breakfast		1,283	1,283
Federal Sources:			
Local Food for School Lunches		1,918	1,918
COVID 19 Pandemic EBT		653	653
National School Lunch Program		498,423	498,423
National School Breakfast Program		27,940	27,940
Food Distribution Program		208,205	208,205
Supply Chain Assistance		167,653	167,653
Total Non-Operating Revenue		949,832	949,832
Change in Net Position	(3,583)	(14,500)	(18,083)
Net Position - Beginning of Year	72,833	1,586,642	1,659,475
Net Position - End of Year	\$ 69,250	\$ 1,572,142	\$ 1,641,392

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 272,287	\$ 2,270,319	\$ 2,542,606
Payments to Employees	(221,556)	(1,333,298)	(1,554,854)
Payments to Suppliers	(55,921)	(1,653,392)	(1,709,313)
Net Cash Provided by/(Used for) Operating Activities	(5,190)	(716,371)	(721,561)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(146,776)	(146,776)
Net Cash (Used for) Capital and Related Financing Activities		(146,776)	(146,776)
Cash Flows from Non-Capital Financing Activities:			
State Sources		44,813	44,813
Federal Sources		708,849	708,849
Net Cash Provided by Non-Capital Financing Activities		753,662	753,662
Net Decrease in Cash and Cash Equivalents	(5,190)	(109,485)	(114,675)
Cash and Cash Equivalents, July 1	360,935	1,399,518	1,760,453
Cash and Cash Equivalents, June 30	<u>\$ 355,745</u>	<u>\$ 1,290,033</u>	<u>\$ 1,645,778</u>
Reconciliation of of Operating (Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating (Loss)	\$ (3,583)	\$ (964,332)	\$ (967,915)
Adjustment to Reconcile Operating (Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		44,460	44,460
Federal Food Distribution Program		208,205	208,205
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(10,215)	(10,215)
(Increase) in Inventory		(9,902)	(9,902)
(Decrease) in Unearned Revenue - Donated Commodities		(299)	(299)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(1,607)	15,712	14,105
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (5,190)</u>	<u>\$ (716,371)</u>	<u>\$ (721,561)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$207,906 and utilized \$208,205 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2024.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

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

The District reports the following proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)\1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. These grants are recognized in the full year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis submission to the grantor for reimbursement.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Restricted and Committed Fund Balance	\$ 407,460	\$ 728,948
Restricted and Committed - Year End Encumbrances		942,866
	407,460	1,671,814
Reconciliation to Governmental Funds Statements (GAAP):		
Grants Receivable not Recognized on GAAP Basis	(407,460)	(407,460)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ -0-	\$ 1,264,354
	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 139,465,741	\$ 7,026,218
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue whereas the GAAP Basis does not.		(585,201)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,133,187	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,041,363)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 139,557,565	\$ 6,441,017
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$ 140,520,212	\$ 7,001,845
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(585,201)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 140,520,212	\$ 6,416,644

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

E. Cash and Cash Equivalents, and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

O. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2024.

P. Compensated Absences:

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

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

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

Q. Leases Payable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$20,176,086 General Fund fund balance at June 30, 2024, \$1,833,261 is assigned for encumbrances; \$1,500,000 is restricted in the maintenance reserve account; \$6,357,353 is restricted in the capital reserve account; \$494,193 is restricted for unemployment compensation; \$4,533,115 is restricted for prior year excess surplus and has been appropriated and included as anticipated revenue for the year ending June 30, 2025; \$4,533,115 is restricted for current year excess surplus and will be appropriated and included as anticipated revenue for the year ending June 30, 2026; and \$1,235,505 is unassigned, which is \$2,041,363 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2025.

Special Revenue Fund: Special Revenue Fund fund balance at June 30, 2024 of \$906,784 is restricted for student activities.

Capital Projects Fund: Of the \$1,264,354 Capital Projects Fund fund balance at June 30, 2024, \$655,553 is restricted and \$608,801 is committed, which is \$407,460 less than on a GAAP Basis due to SDA grants not being recognized on a GAAP basis until certain milestones are accomplished and the required documentation is submitted to the Grantor for reimbursements.

Debt Service Fund: Debt Service Fund fund balance is \$-0- at June 30, 2024.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus at June 30, 2024 as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$2,041,363 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

U. Deficit Net Position:

The District had a deficit in unrestricted net position of \$24,428,418 in governmental activities. The deficit in unrestricted governmental activities net position is primarily due to the net pension liability and related deferred inflows and outflows, and compensated absences payable offset by the assigned and unassigned governmental fund balances at June 30, 2024. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

V. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2024 related to pensions, and the District had deferred outflows of resources at June 30, 2024.

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

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

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

W. Fund Balance Restrictions, Commitments and Assignments:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2024 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2024.

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

Y. Operating Revenue and Expenses:

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Z. Management Estimates:

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

AA. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Student Activities	Total
		Capital Reserve Account	Maintenance Reserve Account	Unemployment Compensation		
Checking and Savings Accounts	\$ 13,012,862	\$ 6,046,897	\$ 1,500,000	\$ 494,193	\$906,784	\$21,960,736

During the period ended June 30, 2024, the District did not hold any investments. The carrying amount of cash and cash equivalents at June 30, 2024 was \$21,960,736. The bank balance was \$25,079,209.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance - July 1, 2023	\$ 5,676,882
Increased by	
Transfer by Board Resolution - June 2024	981,205
	<u>6,658,087</u>
Decreased by:	
Withdrawal by Board Resolution to Capital Projects Fund	611,190
	<u>611,190</u>
Ending Balance - June 30, 2024	<u>\$ 6,046,897</u>

The June 30, 2024 LRFP balance of local support costs of uncompleted capital projects at June 30, 2024 is equal to or greater than \$6,046,897. The withdrawal from the capital reserve account was for use in DOE approved facilities projects, consistent with the District's LRFP.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

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

Beginning Balance - July 1, 2023	<u>\$ 1,943,648</u>
Increased by:	
Transfer by Board Resolution - June 2024	<u>158,350</u>
	2,101,998
Decreased by:	
Budgeted Withdrawal	500,000
Withdrawal by Board Resolution	<u>101,998</u>
Ending Balance - June 30, 2024	<u><u>\$ 1,500,000</u></u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District transferred \$1,620,637 to the capital outlay accounts for construction services, which did require County Superintendent approval and also to equipment which did not need County Superintendent approval.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 7: CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 34,627,187	\$ 135,649		\$ 34,762,836
Total Capital Assets Not Being Depreciated	<u>34,627,187</u>	<u>135,649</u>		<u>34,762,836</u>
Capital Assets Being Depreciated:				
Land Improvements	7,093,991	12,150		7,106,141
Buildings and Building Improvements	127,668,961	625,492		128,294,453
Machinery and Equipment	7,070,084	1,552,197	(782,352)	7,839,929
Total Capital Assets Being Depreciated	<u>141,833,036</u>	<u>2,189,839</u>	<u>(782,352)</u>	<u>143,240,523</u>
Governmental Activities Capital Assets	<u>176,460,223</u>	<u>2,325,488</u>	<u>(782,352)</u>	<u>178,003,359</u>
Less Accumulated Depreciation for:				
Land Improvements	(3,797,071)	(468,364)		(4,265,435)
Buildings and Building Improvements	(62,451,672)	(2,947,854)		(65,399,526)
Machinery and Equipment	(4,187,101)	(766,103)	608,383	(4,344,821)
	<u>(70,435,844)</u>	<u>(4,182,321)</u>	<u>608,383</u>	<u>(74,009,782)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 106,024,379</u>	<u>\$ (1,856,833)</u>	<u>\$ (173,969)</u>	<u>\$ 103,993,577</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 910,423	\$ 146,776		\$ 1,057,199
Less Accumulated Depreciation	(684,345)	(44,460)		(728,805)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 226,078</u>	<u>\$ 102,316</u>	<u>\$ -0-</u>	<u>\$ 328,394</u>

The District expended \$135,649 towards construction projects in progress in the Capital Projects Fund and \$2,189,839 for land improvements and buildings and equipment from the General Fund capital outlay accounts, Special Revenue capital outlay accounts and the General Fund Student Transportation Services accounts during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,417,561
Student and Instruction Related Services	63,579
General Administration Services	320,303
School Administration Services	2,142
Administrative Information Technology	2,596
Operations and Maintenance of Plant	105,944
Student Transportation	<u>270,196</u>
	<u>\$ 4,182,321</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental Activities:			
Lease Assets Being Amortized:			
Machinery and Equipment	\$ 9,309,418	\$ 449,340	\$ 9,758,758
Total Lease Assets Being Amortized	<u>9,309,418</u>	<u>449,340</u>	<u>9,758,758</u>
Governmental Activities Lease Assets	<u>9,309,418</u>	<u>449,340</u>	<u>9,758,758</u>
Less Accumulated Amortization for:			
Machinery and Equipment	<u>(5,293,681)</u>	<u>(1,594,641)</u>	<u>(6,888,322)</u>
	<u>(5,293,681)</u>	<u>(1,594,641)</u>	<u>(6,888,322)</u>
Governmental Activities Lease Assets, Net of Accumulated Amortization	<u>\$ 4,015,737</u>	<u>\$ (1,145,301)</u>	<u>\$ 2,870,436</u>

Amortization expense was charged to the governmental functions as follows:

Instruction	\$ 326,437
Administrative Information Technology	727,822
Operations and Maintenance of Plant	528,094
Student Transportation	<u>12,288</u>
	<u>\$ 1,594,641</u>

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2023</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2024</u>
Bonds Payable	\$ 33,940,000		\$ 1,515,000	\$ 32,425,000
Net Pension Liability	21,908,111	\$ 542,428		22,450,539
Compensated Absences Payable	3,156,684	2,179,534	197,861	5,138,357
Obligations Under Financed Purchases	11,138,436		1,202,427	9,936,009
Leases Payable	<u>3,786,513</u>	<u>449,340</u>	<u>1,524,755</u>	<u>2,711,098</u>
	<u>\$ 73,929,744</u>	<u>\$ 3,171,302</u>	<u>\$ 4,440,043</u>	<u>\$ 72,661,003</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2024 as follows:

<u>Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Referendum Bonds 2021	7/15/2040	2.00%	\$ 32,425,000
			<u>\$ 32,425,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,555,000	\$ 632,950	\$ 2,187,950
2026	1,595,000	601,450	2,196,450
2027	1,630,000	569,200	2,199,200
2028	1,675,000	536,150	2,211,150
2029	1,715,000	502,250	2,217,250
2030-2034	9,235,000	1,972,750	11,207,750
2035-2039	10,455,000	989,450	11,444,450
2040-2041	4,565,000	91,950	4,656,950
	<u>\$ 32,425,000</u>	<u>\$ 5,896,150</u>	<u>\$ 38,321,150</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Financed Purchases Payable:

As of June 30, 2024, the Board has financed purchase agreements for the Energy Savings Initiative Program with a total asset value of \$16,085,000 of which \$6,427,134 has been liquidated. The District also has a finance purchase agreement for the acquisition of various equipment with a total value of \$2,240,000 of which \$1,961,858 has been liquidated. The following is a schedule of the future minimum finance purchase payments under the finance purchase agreements, and the present value of the net minimum financed purchase payments at June 30, 2024.

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 1,294,581
2026	1,036,632
2027	1,059,517
2028	1,082,906
2029	1,106,811
2030-2034	<u>5,908,362</u>
Total Minimum Financed Purchases Payments	11,488,809
Less: Amount representing interest	<u>1,552,801</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 9,936,008</u>

The current portion of the finance purchase payable at June 30, 2024 is \$1,023,739 and the long-term portion is \$8,912,269. Financed purchases payable will be liquidated through the general fund.

C. Leases Payable

The District had leases outstanding as of June 30, 2024 as follows:

<u>Leases Payable</u>				
<u>Purpose</u>	<u>Frequency of Payment</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Buildings and Grounds Vehicles and Equipment & Buses	Annual	10/01/25	0.964%	\$ 889,490
New Phone System	Annual	10/01/25	1.027%	181,299
Technology and Security Upgrades #1	Annual	08/01/26	2.398%	72,265
Technology and Security Upgrades #2	Annual	08/01/25	2.398%	1,348,707
Cannon Copiers	Monthly	11/30/25	4.260%	<u>219,337</u>
				<u>\$ 2,711,098</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

C. Leases Payable (Cont'd)

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

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 1,376,132	\$ 50,880
2026	1,310,305	23,478
2027	24,661	591
	<u>\$ 2,711,098</u>	<u>\$ 74,949</u>

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$167,053 and is separated from the long-term portion of compensated absences of \$4,971,304. 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, 2024, no liability existed for compensated absences in the Enterprise Funds.

Compensated absences will be liquidated from the General Fund.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$22,450,539 See Note 10 for further information on the PERS.

NOTE 10. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

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

District contributions to PERS amounted to \$2,071,596 for the current fiscal year. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$46,598 to the PERS for normal pension benefits on behalf of the District.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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

At June 30, 2024, the District reported a liability of \$22,450,539 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.1716%, which was an increase of 0.0264% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension expense in the amount of \$173,686 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$70,015 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ 121,950
	2020	5.16		1,109,634
	2021	5.13	\$ 49,319	
	2022	5.04		129,015
			<u>49,319</u>	<u>1,360,599</u>
Difference Between Expected and Actual Experience	2019	5.21	9,322	
	2020	5.16	61,822	
	2021	5.13		39,222
	2022	5.04		52,549
	2023	5.08	<u>143,512</u>	<u>91,771</u>
			<u>214,656</u>	<u>91,771</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	347,677	
	2021	5.00	(2,891,440)	
	2022	5.00	3,440,111	
	2023	5.00	<u>(792,960)</u>	<u>103,388</u>
Changes in Proportion	2019	5.21	17,068	
	2020	5.16		49,462
	2021	5.13		818,346
	2022	5.04	838,157	
	2023	5.08	<u>1,315,658</u>	<u>867,808</u>
			<u>2,170,883</u>	<u>867,808</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	2,008,796	
			<u>\$ 4,547,042</u>	<u>\$ 2,320,178</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (1,185,306)
2025	(661,591)
2026	924,530
2027	(165,454)
2028	2,814
	<u>\$ (1,085,007)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 31,280,895	\$ 22,450,539	\$ 15,096,962

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2024, the State of New Jersey contributed \$21,983,063 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$6,512,800.

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$265,102,621. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the District's proportion was 0.5195%, which was an increase of 0.0109 % from its proportion measured as of June 30, 2022.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	265,102,621
Total	<u>\$ 265,102,621</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$6,512,800 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		151,453,560
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>
Difference Between Expected and Actual Experience	2016	8.30		4,866,656
	2017	8.30	37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	5.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
	<u>\$ (12,327,824,636)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75 – 4.25% based on years of service
Investment Rate of Return	7.00%

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 312,604,097	\$ 265,102,621	\$ 225,095,088

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$121,957 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$152,786 for the fiscal year ended June 30, 2024.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. RISK MANAGEMENT

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

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

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

The audit report for the fiscal year ended June 30, 2024 was not available as of the date of this report. Selected summarized financial information for the Group as of June 30, 2023 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	<u>\$ 429,049,188</u>
Net Position	<u>\$ 201,308,725</u>
Total Revenue	<u>\$ 160,069,780</u>
Total Expenses	<u>\$ 141,165,428</u>
Change in Net Position	<u>\$ 16,304,414</u>
Member Dividends	<u>\$ 2,599,938</u>

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 13,840	\$ 275,076	\$ 237,588	\$ 494,193
2022-2023	5,901	283,323	213,440	442,865
2021-2022	279	350,196	241,973	367,081

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUNDS PAYABLES AND RECEIVABLES

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2024:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 787,725	\$ 36,762
Special Revenue Fund		787,725
Summer Enrichment Fund		14,208
Food Service Fund	50,970	
	<u>\$ 838,695</u>	<u>\$ 838,695</u>

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 14. DEFERRED COMPENSATION

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

Equitable Financial Companies
Syracusa Benefits
Security Benefit Group

Fidelity Investments
The Legend Group
Lincoln Investment Planning

NOTE 15. TAX CALENDAR

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

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 1,833,261</u>	<u>\$ 638,996</u>	<u>\$ 942,866</u>	<u>\$ 3,415,123</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$1,833,261 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$638,996 more than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2024 were as follows:

	Governmental Funds		District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund		
Vendors	\$ 83,360			\$ 83,360
Payroll Deductions and Withholdings	279,904			279,904
Due to:				
State of New Jersey		\$ 5,360	\$ 2,008,796	2,014,156
	<u>\$ 363,264</u>	<u>\$ 5,360</u>	<u>\$ 2,008,796</u>	<u>\$ 2,377,420</u>

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

Mortality Rates

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 249,863,893
Changes for Year:	
Service Cost	10,197,666
Interest on the Total OPEB Liability	9,158,255
Changes of Assumptions	524,131
Differences between Expected and Actual Experience	(2,800,643)
Gross Benefit Payments by the State	(7,139,009)
Contributions from Members	<u>234,694</u>
Net Changes	<u>10,175,094</u>
Balance at June 30, 2023	<u>\$ 260,038,987</u>

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>June 30, 2023</u>		
	<u>At 1% Decrease (2.65%)</u>	<u>At Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
Total OPEB Liability Attributable to the District	\$ 304,851,070	\$ 260,038,987	\$ 224,060,087

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

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

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

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

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 215,872,450	\$ 260,038,987	\$ 317,831,015

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$7,937,491 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources.

At June 30, 2023 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 9,370,186
	2018	9.51		9,698,983
	2019	9.29	\$ 1,426,873	
	2020	9.24	34,884,674	
	2021	9.24	198,552	
	2022	9.13		52,692,295
	2023	9.30	467,773	
			<u>36,977,872</u>	<u>71,761,464</u>
Differences Between Expected and Actual Experience	2018	9.51		9,168,557
	2019	9.29		16,794,379
	2020	9.24	32,513,885	
	2021	9.24		38,183,293
	2022	9.13	5,426,549	
	2023	9.30		4,345,447
			<u>37,940,434</u>	<u>68,491,676</u>
Changes in Proportion	N/A	N/A	9,680,217	411,526
			<u>\$ 84,598,523</u>	<u>\$ 140,664,666</u>

N/A - Not Available

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2024	\$ (12,967,891)
2025	(12,967,891)
2026	(11,270,928)
2027	(6,644,911)
2028	(1,360,133)
Thereafter	<u>(20,123,080)</u>
	<u>\$ (65,334,834)</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.1327016181%	0.1395906252%	0.1403259841%	0.0014017007%	0.1460092189%	0.1478764786%	0.1469011968%	0.1378641987%	0.1451697293%	0.1549983351%
District's proportionate share of the net pension liability	\$ 24,845,372	\$ 31,335,298	\$ 41,560,532	\$ 32,629,352	\$ 28,748,487	\$ 26,645,458	\$ 23,955,743	\$ 16,332,081	\$ 15,845,677	\$ 14,841,804
District's covered employee payroll	\$ 9,285,888	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864	\$ 10,388,817	\$ 11,562,249	\$ 11,993,987
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	267.56%	327.61%	430.82%	327.53%	279.90%	245.58%	235.56%	157.21%	137.05%	123.74%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 981,615	\$ 1,093,973	\$ 1,200,105	\$ 1,253,676	\$ 1,317,652	\$ 1,463,880	\$ 1,607,025	\$ 1,614,550	\$ 1,830,660	\$ 2,071,596
Contributions in relation to the contractually required contribution	(981,615)	(1,093,973)	(1,200,105)	(1,253,676)	(1,317,652)	(1,463,880)	(1,607,025)	(1,614,550)	(1,830,660)	(2,071,596)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 9,564,778	\$ 9,646,760	\$ 9,962,309	\$ 10,271,051	\$ 10,850,004	\$ 10,169,864	\$ 10,388,817	\$ 11,562,249	\$ 11,993,987	\$ 12,729,401
Contributions as a percentage of covered employee payroll	10.26%	11.34%	12.05%	12.21%	12.14%	14.39%	15.47%	13.96%	15.26%	16.27%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.5415907302%	0.5472246140%	0.540987739%	0.5523430882%	0.5546117822%	0.5486987176%	0.5581801153%	0.5523168673%	0.5085802841%	0.5194762948%
State's proportionate share of the net pension liability attributable to the District	\$ 289,462,619	\$ 344,287,657	\$ 425,573,655	\$ 372,409,627	\$ 352,832,103	\$ 336,741,582	\$ 367,554,890	\$ 265,527,376	\$ 262,399,026	\$ 265,102,621
District's covered employee payroll	\$ 54,975,333	\$ 54,975,333	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 60,299,735	\$ 60,784,616
State's proportionate share of the net pension liability attributable to the District as a percentage of the covered employee payroll	526.53%	626.26%	746.90%	646.91%	592.06%	556.79%	639.08%	449.87%	435.16%	436.13%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%

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

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 15,575,807	\$ 21,021,873	\$ 31,975,953	\$ 25,798,653	\$ 20,568,878	\$ 19,861,919	\$ 22,856,128	\$ 6,247,976	\$ 7,061,891	\$ 6,512,800
Contributions in relation to the contractually required contribution	(2,747,312)	(4,125,820)	(5,995,540)	(8,167,474)	(10,791,577)	(12,243,028)	(16,055,182)	(20,936,502)	(21,236,505)	(21,983,063)
Contribution deficiency/(excess)	\$ 12,828,495	\$ 16,896,053	\$ 25,980,413	\$ 17,631,179	\$ 9,777,301	\$ 7,618,891	\$ 6,800,946	\$ (14,688,526)	\$ (14,174,614)	\$ (15,470,263)
District's covered employee payroll	\$ 56,978,688	\$ 56,978,688	\$ 57,567,254	\$ 59,594,372	\$ 60,478,746	\$ 57,513,083	\$ 59,022,841	\$ 60,299,735	\$ 60,784,616	\$ 62,842,939
Contributions as a percentage of covered employee payroll	4.82%	7.24%	10.41%	13.71%	17.84%	21.29%	27.20%	34.72%	34.94%	34.98%

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

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

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
				2022	2023
Total OPEB Liability					
Service Cost	\$ 11,331,790	\$ 9,387,376	\$ 8,229,848	\$ 8,823,486	\$ 15,815,078
Interest Cost	8,052,210	9,335,608	8,626,337	7,253,299	7,641,335
Changes in Benefit Terms				(313,529)	(313,529)
Differences between Expected and Actual Experience		(24,662,913)	(30,349,584)	55,994,877	(50,568,705)
Changes in Assumptions	(33,556,812)	(24,975,324)	2,999,229	59,827,459	290,611
Member Contributions	216,782	201,336	183,039	172,825	195,351
Gross Benefit Payments	(5,887,208)	(5,819,627)	(6,174,841)	(5,701,931)	(6,019,232)
Net Change in Total OPEB Liability	(19,843,238)	(36,533,544)	(16,485,972)	126,370,015	(32,959,091)
Total OPEB Liability - Beginning	274,017,173	254,173,935	217,640,391	201,154,419	327,524,434
Total OPEB Liability - Ending	\$ 254,173,935	\$ 217,640,391	\$ 201,154,419	\$ 327,524,434	\$ 294,565,343
District's Covered Employee Payroll	\$ 69,556,681	\$ 70,749,797	\$ 68,363,087	\$ 69,192,705	\$ 69,411,658
Total OPEB Liability as a Percentage of Covered Employee Payroll	365%	308%	294%	473%	424%
				348%	357%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2023 are based on the payroll on the June 30, 2016 - 2022 census data.

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75% – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75%-5.65% based on years of service.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

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

BUDGETARY COMPARISON SCHEDULES

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 109,252,270		\$ 109,252,270	\$ 109,252,270	
Tuition From Individuals	499,500		499,500	95,705	\$ (403,795)
Tuition From Other LEAs Within the State	50,000		50,000	690,941	640,941
Unrestricted Miscellaneous Revenues	1,089,875		1,089,875	1,799,317	709,442
Other Restricted Miscellaneous Revenues				51,328	51,328
Total Revenues from Local Sources	110,891,645		110,891,645	111,889,561	997,916
Revenues from State Sources:					
Categorical Transportation Aid	968,117		968,117	968,117	
Extraordinary Aid	1,000,000	\$ 143,485	1,143,485	1,254,064	110,579
Categorical Special Education Aid	4,556,312		4,556,312	4,556,312	
Equalization Aid	14,923,494		14,923,494	14,923,494	
Categorical Security Aid	194,605		194,605	194,605	
Additional Nonpublic Transportation Aid				133,770	133,770
Stabilization Aid				310,456	310,456
Additional State Aid - Hillsborough High School Auditorium Upgrade		626,000	626,000	626,000	
TPAF Post Retirement Contributions (Non-Budgeted)				6,051,218	6,051,218
TPAF Pension Contributions (Non-Budgeted)				21,983,063	21,983,063
TPAF Non-Contributory Insurance (Non-Budgeted)				250,705	250,705
TPAF Long-Term Disability Insurance (Non-Budgeted)				8,970	8,970
Reimbursed TPAF Social Security Contributions				4,578,919	4,578,919
Total Revenues from State Sources	21,642,528	769,485	22,412,013	55,839,693	33,427,680
Revenues from Federal Sources:					
Medicaid Reimbursement	96,804		96,804	30,443	(66,361)
Total Revenues from Federal Sources	96,804		96,804	30,443	(66,361)
TOTAL REVENUE	132,630,977	769,485	133,400,462	167,759,697	34,359,235

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 1,010,063	\$ 74,129	\$ 1,084,192	\$ 1,059,763	\$ 24,429
Grades 1-5 - Salaries of Teachers	14,936,271	(99,955)	14,836,316	14,557,066	279,250
Grades 6-8 - Salaries of Teachers	8,819,544	(103,726)	8,715,818	8,346,572	369,246
Grades 9-12 - Salaries of Teachers	12,416,940	(490,845)	11,926,095	11,913,628	12,467
Regular Programs - Home Instruction:					
Salaries of Teachers	12,566	33,004	45,570	45,570	
Purchased Professional-Educational Services	62,120	37,534	99,654	97,852	1,802
Regular Programs - Undistributed Instruction:					
Purchased Technical Services	9,625	17,623	27,248	26,915	333
General Supplies	663,413	(231)	663,182	629,404	33,778
Textbooks	31,740	11,095	42,835	37,888	4,947
Other Objects	1,720	(329)	1,391	1,391	
Total Regular Programs - Instruction	37,964,002	(521,701)	37,442,301	36,716,049	726,252
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	1,930,620	(327,695)	1,602,925	1,601,702	1,223
Other Salaries for Instruction	695,050	(279,946)	415,104	415,104	
General Supplies	54,699	(8,500)	46,199	20,231	25,968
Total Learning and/or Language Disabilities	2,680,369	(616,141)	2,064,228	2,037,037	27,191

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Auditory Impairments:					
Salaries of Teachers	\$ 162,725	\$ (162,000)	\$ 725		\$ 725
Total Auditory Impairments	162,725	(162,000)	725		725
Behavioral Disabilities:					
Salaries of Teachers	343,790	(333,000)	10,790		10,790
General Supplies	500		500	\$ 172	328
Total Behavioral Disabilities	344,290	(333,000)	11,290	172	11,118
Resource Room/Resource Center:					
Salaries of Teachers	8,972,460	(191,943)	8,780,517	8,758,023	22,494
General Supplies	49,000		49,000	25,248	23,752
Total Resource Room/Resource Center	9,021,460	(191,943)	8,829,517	8,783,271	46,246
Autism:					
Salaries of Teachers	478,920	128,661	607,581	606,825	756
Other Salaries for Instruction	816,429	(40,703)	775,726	772,366	3,360
General Supplies	32,000	(27,267)	4,733	4,731	2
Total Autism	1,327,349	60,691	1,388,040	1,383,922	4,118
Preschool Disabilities - Part-Time:					
Salaries of Teachers	299,379	51,976	351,355	350,435	920
Other Salaries for Instruction	399,065	(80,482)	318,583	288,569	30,014
General Supplies	3,788	(43)	3,745	2,686	1,059
Total Preschool Disabilities - Part-Time	702,232	(28,549)	673,683	641,690	31,993
Preschool Disabilities - Full-Time:					
Salaries of Teachers	207,320	(207,000)	320		320
Total Preschool Disabilities - Full-Time	207,320	(207,000)	320		320
TOTAL SPECIAL EDUCATION - INSTRUCTION	14,445,745	(1,477,942)	12,967,803	12,846,092	121,711

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 1,018,779	\$ (79,334)	\$ 939,445	\$ 938,585	\$ 860
General Supplies	16,744		16,744	14,024	2,720
Textbooks	7,250		7,250	6,000	1,250
Total Bilingual Education - Instruction	1,042,773	(79,334)	963,439	958,609	4,830
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	243,847	106,150	349,997	343,041	6,956
Purchased Services (300-500 series)	50,771	10,028	60,799	57,275	3,524
Supplies and Materials	6,453	1,245	7,698	6,584	1,114
Other Objects		625	625	625	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	301,071	118,048	419,119	407,525	11,594
School-Sponsored Athletics - Instruction:					
Salaries	829,841	46,069	875,910	875,383	527
Purchased Services (300-500 series)	126,946	48,312	175,258	175,158	100
Supplies and Materials	182,419	(415)	182,004	181,803	201
Total School-Sponsored Athletics - Instruction	1,139,206	93,966	1,233,172	1,232,344	828
Summer School - Instruction:					
Salaries of Teachers	277,500	(61,665)	215,835	214,714	1,121
Other Salaries of Instruction	350,000	(23,605)	326,395	297,508	28,887
General Supplies	5,100		5,100	3,146	1,954
Total Summer School - Instruction	632,600	(85,270)	547,330	515,368	31,962
Total Summer School	632,600	(85,270)	547,330	515,368	31,962

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	\$ 4,077,912	\$ (270,785)	\$ 3,807,127	\$ 3,617,766	\$ 189,361
Salaries of Reading Specialists	639,100	4,200	643,300	642,797	503
General Supplies	1,200		1,200	300	900
Total Other Supplemental/at-risk Programs	4,718,212	(266,585)	4,451,627	4,260,863	190,764
TOTAL INSTRUCTION	60,243,609	(2,218,818)	58,024,791	56,936,850	1,087,941
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	25,000	27,340	52,340	34,219	18,121
Tuition to Other LEAs Within the State-Special	93,600	(19,581)	74,019	13,320	60,699
Tuition to County Voc. School Dist.-Regular	208,453		208,453	150,476	57,977
Tuition to County Voc. School Dist.-Special	49,640	1,460	51,100	51,100	
Tuition to CSSD & Reg. Day Schools	243,586	172,838	416,424	388,743	27,681
Tuition to Priv. Sch. for the Handicap. W/I State	2,118,603	(292,093)	1,826,510	1,427,354	399,156
Total Undistributed Expenditures - Instruction	2,738,882	(110,036)	2,628,846	2,065,212	563,634
Undistributed Expend. - Attend. & Social Work:					
Salaries	1,529	8,754	10,283	9,073	1,210
Total Undist. Expend. - Attendance and Social Work	1,529	8,754	10,283	9,073	1,210
Undistributed Expenditures - Health Services:					
Salaries	1,080,650	(154,650)	926,000	923,775	2,225
Purchased Professional and Technical Services	44,219	70,253	114,472	110,568	3,904
Other Purchased Services (400-500 series)	22,188	(17,016)	5,172	2,024	3,148
Supplies and Materials	29,695	16,460	46,155	45,042	1,113
Total Undist. Expenditures - Health Services	1,176,752	(84,953)	1,091,799	1,081,409	10,390

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	\$ 1,956,276	\$ 16,463	\$ 1,972,739	\$ 1,922,624	\$ 50,115
Purchased Professional - Educational Services	1,426,455	53,082	1,479,537	1,384,702	94,835
Supplies and Materials	19,822		19,822	9,665	10,157
Total Undist. Expend. - Speech, OT, PT, Related Svcs	3,402,553	69,545	3,472,098	3,316,991	155,107
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Salaries	4,035,587	94,790	4,130,377	4,130,376	1
Purchased Professional - Educational Services	29,200	(28,518)	682	681	1
Supplies and Materials	30,000	(18,322)	11,678	11,678	
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	4,094,787	47,950	4,142,737	4,142,735	2
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	2,498,652	(79,503)	2,419,149	2,386,902	32,247
Salaries of Secretarial and Clerical Assistants	55,573	(9,262)	46,311	46,310	1
Other Salaries	33,505	1,006	34,511	34,510	1
Unused Vacation Payment to Terminated/Retired Staff		19,091	19,091	19,091	
Other Purchased Prof. and Tech. Services	11,630	(800)	10,830	9,907	923
Supplies and Materials	8,458	(101)	8,357	5,544	2,813
Other Objects	3,630		3,630	3,073	557
Total Undist Expend. - Guidance	2,611,448	(69,569)	2,541,879	2,505,337	36,542
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	2,553,817	(262,883)	2,290,934	2,171,023	119,911
Salaries of Secretarial and Clerical Assistants	190,081	(38,812)	151,269	151,127	142
Unused Vacation Payment to Terminated/Retired Staff		8,038	8,038	8,038	
Other Purchased Prof. and Tech. Services	98,050	(56,000)	42,050	4,525	37,525
Supplies and Materials	67,226		67,226	45,629	21,597
Other Objects	3,500		3,500		3,500
Total Undist Expend. - Child Study Team	2,912,674	(349,657)	2,563,017	2,380,342	182,675

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	\$ 925,426	\$ 20,166	\$ 945,592	\$ 945,590	\$ 2
Salaries of Other Professional Staff	94,212	(17,008)	77,204	77,204	
Salaries of Secretarial and Clerical Assistants	168,737	(5,650)	163,087	163,087	
Purchased Professional - Educational Services	29,211	(21,213)	7,998	6,097	1,901
Other Purchased Prof. and Tech. Services	9,000	(1,055)	7,945	7,854	91
Other Purchased Services (400-500 series)		7,198	7,198	4,025	3,173
Supplies and Materials	2,656,114	(71,840)	2,584,274	2,477,252	107,022
Other Objects	33,650	848	34,498	32,158	2,340
Total Undist. Expend.-Improv. of Inst. Serv.	3,916,350	(88,554)	3,827,796	3,713,267	114,529
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	882,070	64,247	946,317	885,061	61,256
Supplies and Materials	69,800	(204)	69,596	69,517	79
Total Undist Expend-Edu. Media Serv./Sch. Library	951,870	64,043	1,015,913	954,578	61,335
Undist.Expend.-Instructional Staff Training Services:					
Salaries of Other Professional Staff	111,374	3,341	114,715	114,714	1
Other Purchased Services (400-500 series)	42,397	(1,942)	40,455	25,279	15,176
Total Undist.Expend.-Instructional Staff Training Services	153,771	1,399	155,170	139,993	15,177

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	\$ 564,498	\$ 10,914	\$ 575,412	\$ 575,412	
Legal Services	200,000	(27,913)	172,087	104,920	\$ 67,167
Audit Fees	60,000	3,700	63,700	63,700	
Architectural/Engineering Services	166,345	176,225	342,570	258,830	83,740
Other Purchased Professional Services	27,852	8,396	36,248	36,248	
Purchased Technical Services	46,138	(26,211)	19,927	17,380	2,547
Communications / Telephone	248,662	(273)	248,389	167,693	80,696
BOE Other Purchased Services	1,000	7,488	8,488	6,082	2,406
Other Purch. Serv. (400-500 series other than 530 & 585)	252,248	130,452	382,700	381,701	999
General Supplies	228,532	3,000	231,532	182,822	48,710
BOE In-house training/ Meeting Supplies	4,890	6,288	11,178	675	10,503
Miscellaneous Expenditures	59,000	(25,829)	33,171	32,019	1,152
BOE Membership Dues and Fees	27,000	195	27,195	27,195	
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,886,165	266,432	2,152,597	1,854,677	297,920
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	2,302,303	78,889	2,381,192	2,368,733	12,459
Salaries of Other Professional Staff	560,536	(5,548)	554,988	554,988	
Salaries of Secretarial and Clerical Assistants	1,344,960	29,327	1,374,287	1,364,991	9,296
Unused Vacation Payment to Terminated/Retired Staff		54,775	54,775	51,595	3,180
Other Purchased Services (400-500 series)	30,000	56,305	86,305	35,348	50,957
Supplies and Materials	150,571	39,033	189,604	127,819	61,785
Total Undist. Expend.-Support Serv.-School Adm.	4,388,370	252,781	4,641,151	4,503,474	137,677

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Central Services:					
Salaries	\$ 1,126,018	\$ 37,394	\$ 1,163,412	\$ 1,157,185	\$ 6,227
Unused Vacation Payment to Terminated/Retired Staff		25,990	25,990	25,990	
Purchased Professional Services	32,000	(21,852)	10,148		10,148
Purchased Technical Services	131,124	11,300	142,424	123,029	19,395
Miscellaneous Purchased Services (400-500 series other than 594)	348,826	(79,155)	269,671	244,926	24,745
Supplies and Materials	26,247	7,399	33,646	18,128	15,518
Interest on Lease Purchase Agreements	1,787		1,787		1,787
Other Objects	4,400	9,978	14,378	7,540	6,838
Total Undist. Expend. - Central Services	1,670,402	(8,946)	1,661,456	1,576,798	84,658
Undist. Expend. - Admin. Info. Technology:					
Salaries	659,423	31,939	691,362	691,362	
Unused Vacation Payment to Terminated/Retired Staff		3,240	3,240	3,240	
Purchased Technical Services	25,000	17,527	42,527	42,526	1
Total Undist. Expend. - Admin. Info. Technology	684,423	52,706	737,129	737,128	1
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	54,050	137,685	191,735	191,735	
Cleaning, Repair, and Maintenance Services	1,770,418	934,693	2,705,111	2,015,068	690,043
General Supplies	125,773	(24,403)	101,370	95,651	5,719
Total Undist. Expend.- Required Maint. for School Facilities	1,950,241	1,047,975	2,998,216	2,302,454	695,762

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Custodial Services:					
Salaries	\$ 3,554,017	\$ 312,494	\$ 3,866,511	\$ 3,736,659	\$ 129,852
Salaries of Non-Instructional Aides	509,606	(79,425)	430,181	430,181	
Unused Vacation Payment to Terminated/Retired Staff		75,219	75,219	75,219	
Purchased Professional and Technical Services	15,775	110,950	126,725	124,950	1,775
Cleaning, Repair, and Maintenance Services	838,352	(193,609)	644,743	578,659	66,084
Lease Purchase Pymts - Energy Savings Impr Prog	992,334		992,334	992,334	
Other Purchased Property Services	394,001	23,775	417,776	364,650	53,126
Insurance	715,779	(199,084)	516,695	516,695	
General Supplies	413,460	215,835	629,295	589,539	39,756
Energy (Natural Gas)	462,263	170,225	632,488	320,463	312,025
Energy (Electricity)	990,524	257,964	1,248,488	1,123,890	124,598
Energy (Gasoline)	45,000	(45,000)			
Total Undist. Expend.-Custodial Services	8,931,111	649,344	9,580,455	8,853,239	727,216
Care and Upkeep of Grounds:					
Salaries	316,722	(116,966)	199,756	187,451	12,305
Cleaning, Repair, and Maintenance Services	135,923	(20,928)	114,995	104,199	10,796
General Supplies	30,983	16,770	47,753	38,017	9,736
Total Care And Upkeep Of Grounds	483,628	(121,124)	362,504	329,667	32,837
Security:					
Salaries	570,000		570,000	172,423	397,577
Purchased Professional and Technical Services	4,365	333,133	337,498	4,365	333,133
General Supplies	192,000	42,704	234,704	218,855	15,849
Total Security	766,365	375,837	1,142,202	395,643	746,559
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	12,131,345	1,952,032	14,083,377	11,881,003	2,202,374

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	\$ 422,557	\$ 56,752	\$ 479,309	\$ 476,984	\$ 2,325
Sal. for Pupil Trans. (Bet. Home and Sch.)-Reg.	435,734	(52,789)	382,945	382,945	
Sal. for Pupil Trans. (Bet. Home and Sch.)-Spl. Ed.	1,624,345	(10,930)	1,613,415	1,613,415	
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)		375	375		375
Other Purchased Professional and Technical Services	36,523	1,389	37,912	36,783	1,129
Cleaning, Repair, and Maint. Services	18,000	64,244	82,244	26,970	55,274
Rental Payments - School Buses	117,000	174,500	291,500	291,500	
Lease Purchase Payments - School Buses	445,695	(16,283)	429,412	429,412	
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Students	293,317	74,759	368,076	363,510	4,566
Contract. Serv.(Bet. Home & Sch.)-Vendors	6,062,817	28,028	6,090,845	6,089,811	1,034
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	293,200	(144,665)	148,535	143,540	4,995
Contract. Serv.(Spl. Ed. Students)-Vendors	144,282	9,540	153,822	153,233	589
Contract. Serv.(Spl. Ed. Students)-ESCs & CTSA's	1,920,430	473,174	2,393,604	2,135,508	258,096
Misc. Purchased Serv. - Transportation	95,954	(39,142)	56,812	56,812	
General Supplies	525	453	978	910	68
Transportation Supplies	365,413	(116,994)	248,419	247,366	1,053
Other Objects	1,000		1,000	200	800
Total Undist. Expend.-Student Trans. Serv.	12,276,792	502,411	12,779,203	12,448,899	330,304

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 1,456,362	\$ 187,968	\$ 1,644,330	\$ 1,630,106	\$ 14,224
T.P.A.F. Contributions - ERIP	25,000	79,067	104,067	11,472	92,595
Other Retirement Contributions - PERS	1,580,565	491,031	2,071,596	2,071,596	
Other Retirement Contributions - Regular	114,190	7,767	121,957	121,957	
Unemployment Compensation		240,000	240,000		240,000
Workers Compensation	647,637		650,090		
Health Benefits	19,506,808	2,453	19,391,019	18,585,165	805,854
Tuition Reimbursement	311,520	(115,789)	311,520	309,987	1,533
Other Employee Benefits	435,000	(162,030)	272,970	262,916	10,054
Unused Sick Payment to Terminated/Retired Staff	596,061	(233,144)	362,917	267,953	94,964
TOTAL UNALLOCATED BENEFITS	24,673,143	497,323	25,170,466	23,911,242	1,259,224
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				6,051,218	(6,051,218)
TPAF Pension Contributions (Non-Budgeted)				21,983,063	(21,983,063)
TPAF Non-Contributory Insurance (Non-Budgeted)				250,705	(250,705)
TPAF Long-Term Disability Insurance (Non-Budgeted)				8,970	(8,970)
Reimbursed TPAF Social Security Contributions				4,578,919	(4,578,919)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				32,872,875	(32,872,875)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	24,673,143	497,323	25,170,466	56,784,117	(31,613,651)
TOTAL UNDISTRIBUTED EXPENDITURES	79,671,256	3,003,661	82,674,917	110,095,033	(27,420,116)
TOTAL GENERAL CURRENT EXPENSE	139,914,865	784,843	140,699,708	167,031,883	(26,332,175)

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Grades 9-12	\$ 2,834	\$	2,834	2,834	
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.		\$ 2,678	2,678	20	\$ 2,658
Undist. Expend. - Required Maint for School Fac.		1	1		1
Undist. Expend. - Custodial Services	2	2	2		2
Undist. Expend. - Care and Upkeep of Grounds		6,164	6,164	6,163	1
Undist. Expend.-Student Trans.- Non-Inst. Equip.	13,600	(10,003)	3,597	2,295	1,302
School Buses - Regular		265,929	265,929	265,928	1
Total Equipment	16,436	264,769	281,205	277,240	3,965
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	100,000		100,000	2,800	97,200
Construction Services	1,000,000	1,355,868	2,355,868	715,007	1,640,861
Assessment for Debt Service on SDA Funding	71,124		71,124	71,124	
Total Facilities Acquisition and Const. Serv.	1,171,124	1,355,868	2,526,992	788,931	1,738,061
Assets Acquired Under Leases (Non-Budgeted):					
Regular Programs - Equipment				449,340	(449,340)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				449,340	(449,340)
TOTAL CAPITAL OUTLAY	1,187,560	1,620,637	2,808,197	1,515,511	1,292,686
Transfer of Funds to Charter Schools	330,033	(31,848)	298,185	266,774	31,411
Total Transfer of Funds to Charter Schools	330,033	(31,848)	298,185	266,774	31,411
TOTAL EXPENDITURES	141,432,458	2,373,632	143,806,090	168,814,168	(25,008,078)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(8,801,481)	(1,604,147)	(10,405,628)	(1,054,471)	9,351,157

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Leases (Non-budgeted)					
Capital Reserve - Transfer to Capital Projects Fund		\$ (611,190)	\$ (611,190)	\$ 449,340	\$ 449,340
		(611,190)	(611,190)	(611,190)	
				(161,850)	449,340
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (8,801,481)	(2,215,337)	(11,016,818)	(1,216,321)	9,800,497
Fund Balance, July 1	23,433,770		23,433,770	23,433,770	
Fund Balance, June 30	\$ 14,632,289	\$ (2,215,337)	\$ 12,416,952	\$ 22,217,449	\$ 9,800,497
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2025-2026				\$ 4,533,115	
Excess Surplus - Restricted For 2024-2025				4,533,115	
Capital Reserve				6,357,353	
Maintenance Reserve				1,500,000	
Unemployment Compensation				494,193	
Assigned Fund Balance:					
Year End Encumbrances				1,833,261	
Unassigned Fund Balance				2,966,412	
				22,217,449	
Reconciliation to Governmental Funds Statement (GAAP):				(2,041,363)	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				\$ 20,176,086	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	19,023	\$ 1,581,114	\$ 1,600,137	\$ 1,563,456	\$ (36,681)
State Sources	24,232	215,741	239,973	230,506	(9,467)
Federal Sources	1,819,866	3,989,908	5,809,774	5,232,256	(577,518)
Total Revenues	1,863,121	5,786,763	7,649,884	7,026,218	(623,666)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	125,000	371,325	496,325	426,953	69,372
Purchased Professional and Technical Services		307,645	307,645	307,645	
Other Purchased Services		186,203	186,203	186,203	
Tuition	1,578,370	950,655	2,529,025	2,454,208	74,817
General Supplies	71,769	352,782	424,551	372,668	51,883
Other Objects		7,486	7,486	3,421	4,065
Total Instruction	1,775,139	2,176,096	3,951,235	3,751,098	200,137
Support Services:					
Salaries of Other Professional Staff		269,347	269,347	255,256	14,091
Personal Services - Employee Benefits	63,750	45,865	109,615	93,929	15,686
Purchased Professional and Technical Services	24,232	771,725	795,957	772,052	23,905
Purchased Professional and Educational Services		191,762	191,762	175,761	16,001
Other Purchased Services		375,538	375,538	308,228	67,310
Supplies and Materials		299,765	299,765	116,001	183,764
Student Activities		1,438,631	1,438,631	1,414,258	24,373
Total Support Services	87,982	3,392,633	3,480,615	3,135,485	345,130
Facilities Acquisition and Construction Services:					
Instructional Equipment		218,034	218,034	115,262	102,772
Total Facilities Acquisition and Construction Services		218,034	218,034	115,262	102,772
Total Expenditures	\$ 1,863,121	\$ 5,786,763	\$ 7,649,884	\$ 7,001,845	\$ 648,039
Excess of Revenue Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 24,373	\$ 24,373

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 167,759,697	\$ 7,026,218
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(585,201)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	2,133,187	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,041,363)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 167,851,521</u>	<u>\$ 6,441,017</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 168,814,168	\$ 7,001,845
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(585,201)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 168,814,168</u>	<u>\$ 6,416,644</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2024 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be made by school Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	CRRSA			ARP				
	High Impact Tutor	Learning Acceleration	Mental Health	ESSER III	Accelerated Learning Coach and Educator Support	Evidence Based Comprehensive Beyond the School Day	NTSS Mental Health Support Staffing	Homeless Children/ Youth II
REVENUES:								
Local Sources								
State Sources								
Federal Sources								
Total Revenues	\$ 307,645	\$ 1,470	\$ 183	\$ 647,785	\$ 427,314	\$ 13,421	\$ 31,290	\$ 379
EXPENDITURES:								
Instruction:								
Salaries of Teachers				48,579		11,248		
Purchased Professional and Technical Services	307,645							
Other Purchased Services				185,807				
Tuition								
General Supplies				42,183	204,142			
Other Objects								
Total Instruction	307,645			276,569	204,142	11,248		
Support Services:								
Salaries of Other Professional Staff		1,366	170	18,827		1,274		
Personal Services - Employee Benefits		104	13	5,084		899		
Purchased Professional and Technical Services				281,748	171,281		20,340	
Purchased Professional and Educational Services								
Other Purchased Services				3,686	16,669		10,950	379
Supplies and Materials					35,222			
Student Activities								
Total Support Services		1,470	183	309,345	223,172	2,173	31,290	379
Facilities Acquisition and Construction Services:								
Instructional Equipment				61,871				
Total Facilities Acquisition and Construction Services				61,871				
Total Expenditures	\$ 307,645	\$ 1,470	\$ 183	\$ 647,785	\$ 427,314	\$ 13,421	\$ 31,290	\$ 379

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Nursing	Nonpublic Security	Chapter 192 Auxiliary Services Compensatory Education	Examination and Classification	Chapter 193 Handicapped Services Supplementary Instruction	Corrective Speech
REVENUES:								
Local Sources								
State Sources	\$ 3,421	\$ 3,071	\$ 6,552	\$ 13,583	\$ 1,259	\$ 3,412	\$ 1,900	7,905
Federal Sources								
Total Revenues	3,421	3,071	6,552	13,583	1,259	3,412	1,900	7,905
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Purchased Professional and Technical Services								
Other Purchased Services								
Tuition								
General Supplies		3,071						
Other Objects	3,421							
Total Instruction	3,421	3,071						
Support Services:								
Salaries of Other Professional Staff								
Personal Services - Employee Benefits			6,552				1,900	7,905
Purchased Professional and Technical Services								
Other Purchased Services				13,583				
Supplies and Materials								
Student Activities								
Total Support Services			6,552	13,583	1,259	3,412	1,900	7,905
Facilities Acquisition and Construction Services:								
Instructional Equipment								
Total Facilities Acquisition and Construction Services								
Total Expenditures	\$ 3,421	\$ 3,071	\$ 6,552	\$ 13,583	\$ 1,259	\$ 3,412	\$ 1,900	\$ 7,905

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Nonpublic Teacher STEM	ACSERS	SDA Emergent and Capital Maintenance Needs	I.D.E.A. Part B, Basic	I.D.E.A. Preschool	I.D.E.A. Part B, Basic	ARP I.D.E.A. Preschool	Local Donations
REVENUES:								
Local Sources	\$ 13,642	\$ 1,153,605	\$ 175,761	\$ 2,277,441	\$ 60,817	\$ 396	\$ 1,392	\$ 124,825
State Sources								
Federal Sources								
Total Revenues	13,642	1,153,605	175,761	2,277,441	60,817	396	1,392	124,825
EXPENDITURES:								
Instruction:								
Salaries of Teachers	12,673	209,766			37,775			3,000
Purchased Professional and Technical Services						396		
Tuition		407,683		2,046,525	80			87,407
General Supplies				25,285				
Other Objects								
Total Instruction	12,673	617,449		2,071,810	37,855	396		90,407
Support Services:								
Salaries of Other Professional Staff	969	205,094						
Personal Services - Employee Benefits					22,962			8,401
Purchased Professional and Technical Services		128,735		115,149				
Purchased Professional and Educational Services			175,761					
Other Purchased Services		201,221		7,762			1,392	9,900
Supplies and Materials		1,106		35,492				9,954
Student Activities								
Total Support Services	969	536,156	175,761	158,403	22,962		1,392	28,255
Facilities Acquisition and Construction Services:								
Instructional Equipment				47,228				6,163
Total Facilities Acquisition and Construction Services				47,228				6,163
Total Expenditures	\$ 13,642	\$ 1,153,605	\$ 175,761	\$ 2,277,441	\$ 60,817	\$ 396	\$ 1,392	\$ 124,825

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act		Student Activities	Totals
	Title I	Title IIA	Title III	
REVENUES:				
Local Sources			\$ 1,438,631	\$ 1,563,456
State Sources				230,506
Federal Sources	\$ 166,670	\$ 109,326	\$ 33,122	5,232,256
Total Revenues	166,670	109,326	33,122	7,026,218
EXPENDITURES:				
Instruction:				
Salaries of Teachers	103,912			426,953
Purchased Professional and Technical Services				307,645
Other Purchased Services				186,203
Tuition				2,454,208
General Supplies			10,500	372,668
Other Objects				3,421
Total Instruction	103,912		10,500	3,751,098
Support Services:				
Salaries of Other Professional Staff		20,556	7,000	255,256
Personal Services - Employee Benefits	62,758	1,573	536	93,929
Purchased Professional and Technical Services		25,370		772,052
Purchased Professional and Educational Services		54,961	14,029	175,761
Other Purchased Services		6,866	1,057	308,228
Supplies and Materials				116,001
Student Activities			1,414,258	1,414,258
Total Support Services	62,758	109,326	22,622	3,135,485
Facilities Acquisition and Construction Services:				
Instructional Equipment				115,262
Total Facilities Acquisition and Construction Services				115,262
Total Expenditures	\$ 166,670	\$ 109,326	\$ 33,122	\$ 7,001,845

CAPITAL PROJECTS FUND

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 407,460
Transfer from capital reserve	<u>611,190</u>
Total revenue and other financing sources	<u>1,018,650</u>
Expenditures and Other Financing Uses:	
Project Expenditures:	
Purchased professional and Technical services	2,389
Construction Services	<u>133,260</u>
Total expenditures and other financing uses	<u>135,649</u>
Excess/(deficit) of other financing sources over/(under) expenditures and other financing uses	883,001
Beginning Fund Balance	<u>788,813</u>
Ending Fund Balance	<u><u>\$ 1,671,814</u></u>
Recapitulation:	
Restricted Fund Balance	\$ 643,673
Restricted - Year-End Encumbrances	11,880
Committed Fund Balance	85,275
Committed - Year End Encumbrances	<u>930,986</u>
	<u><u>\$ 1,671,814</u></u>
Reconciliation to Governmental Fund Statements (GAAP):	
SDA grant receivable not recognized on GAAP basis	<u>\$ (407,460)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,264,354</u></u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS - ALL SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 35,416,000		\$ 35,416,000	\$ 35,416,740
Total Revenue and Other Financing Sources	35,416,000		35,416,000	35,416,740
Expenditures:				
Other Salaries	5,986		5,986	16,000
Purchased Professional and Technical Services	2,261,515		2,261,515	2,400,000
Construction Services	32,359,686	\$ 133,260	32,492,946	33,000,740
Total Expenditures	34,627,187	133,260	34,760,447	35,416,740
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 788,813	\$ (133,260)	\$ 655,553	\$ -0-

Additional Project Information:

Project Numbers	2170035192; 2170315191; 217034193; 2170034191; 2170033193; 2170033192; 2170085193; 2170085191; 2170080192; 2170080191; 2170070193; 2170070191; 2170060193; 2170060191; 2170040193; 2170040191
Grant Date	N/A
Bond Authorization Date	12/10/19
Bonds Authorized	\$ 35,416,740
Bonds Issued	\$ 35,416,000
Original Authorized Cost	\$ 35,416,740
Percentage Decrease from Original Authorized Cost	
Percentage Completion	98.15%
Original Target Completion Date	6/30/23
Revised Target Completion Date	6/30/25

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
WOODFERN ELEMENTARY SCHOOL ROOF RESTORATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 407,460	\$ 407,460	\$ 407,460
Transfer from Capital Reserve		611,190	611,190	611,190
Total Revenue and Other Financing Sources		1,018,650	1,018,650	1,018,650
Expenditures:				
Purchased Professional and Technical Services		2,389	2,389	86,761
Construction Services				931,889
Total Expenditures		2,389	2,389	1,018,650
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ 1,016,261	\$ 1,016,261	\$ -0-

Additional Project Information:

Project Numbers	2170-080-23-R501
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,018,650
Percentage Completion	0.23%
Original Target Completion Date	6/30/25

PROPRIETARY FUNDS

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 355,745	\$ 1,290,033	\$ 1,645,778
Accounts Receivable:			
State		2,417	2,417
Federal		28,358	28,358
Other		10,215	10,215
Interfund Receivable		50,970	50,970
Inventories		51,492	51,492
Total Current Assets	355,745	1,433,485	1,789,230
Non-Current Assets			
Machinery and Equipment		1,057,199	1,057,199
Less: Accumulated Depreciation		(728,805)	(728,805)
Total Non-Current Assets		328,394	328,394
Total Assets	355,745	1,761,879	2,117,624
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund payable	14,208		14,208
Unearned Revenue - Donated Commodities		18,845	18,845
Unearned Revenue - Prepaid Sales	272,287	170,892	443,179
Total Liabilities	286,495	189,737	476,232
<u>NET POSITION:</u>			
Investment in Capital Assets		328,394	328,394
Unrestricted	69,250	1,243,748	1,312,998
Total Net Position	\$ 69,250	\$ 1,572,142	\$ 1,641,392

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
Operating revenue:			
Local sources:			
Daily Sales - Reimbursable Programs		\$ 1,762,381	\$ 1,762,381
Daily Sales - Non-Reimbursable Programs		507,938	507,938
Miscellaneous Revenue - Summer Enrichment	\$ 273,894		273,894
Total operating revenue	273,894	2,270,319	2,544,213
Operating expenses:			
Cost of Sales (Reimbursable) Programs		883,854	883,854
Cost of sales (Non-Reimbursable) Programs		283,080	283,080
Salaries	211,520	1,060,594	1,272,114
Employee Benefits	10,036	272,704	282,740
Other Purchased Services		90,127	90,127
Supplies and Materials	55,921	264,675	320,596
Management Fee		274,042	274,042
Miscellaneous		61,115	61,115
Depreciation		44,460	44,460
Total Operating Expenses	277,477	3,234,651	3,512,128
Operating (Loss)	(3,583)	(964,332)	(967,915)
Non-Operating Revenue:			
State Sources:			
State School Lunch Program		31,494	31,494
State School Breakfast Program		956	956
New Jersey Expanded Income Eligibility - Lunch		11,307	11,307
New Jersey Expanded Income Eligibility - Breakfast		1,283	1,283
Federal Sources:			
Local Food for School Lunches		1,918	1,918
COVID 19 Pandemic EBT		653	653
National School Lunch Program		498,423	498,423
National School Breakfast Program		27,940	27,940
Food Distribution Program		208,205	208,205
Supply Chain Assistance		167,653	167,653
Total Non-Operating Revenue		949,832	949,832
Change in Net Position	(3,583)	(14,500)	(18,083)
Net Position - Beginning of Year	72,833	1,586,642	1,659,475
Net Position - End of Year	\$ 69,250	\$ 1,572,142	\$ 1,641,392

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Funds		
	Summer Enrichment	Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 272,287	\$ 2,270,319	\$ 2,542,606
Payments to Employees	(221,556)	(1,333,298)	(1,554,854)
Payments to Suppliers	(55,921)	(1,653,392)	(1,709,313)
Net Cash Provided by/(Used for) Operating Activities	(5,190)	(716,371)	(721,561)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets		(146,776)	(146,776)
Net Cash (Used for) Capital and Related Financing Activities		(146,776)	(146,776)
Cash Flows from Non-Capital Financing Activities:			
State Sources		44,813	44,813
Federal Sources		708,849	708,849
Net Cash Provided by Non-Capital Financing Activities		753,662	708,849
Net Decrease in Cash and Cash Equivalents	(5,190)	(109,485)	(114,675)
Cash and Cash Equivalents, July 1	360,935	1,399,518	1,760,453
Cash and Cash Equivalents, June 30	<u>\$ 355,745</u>	<u>\$ 1,290,033</u>	<u>\$ 1,645,778</u>
Reconciliation of of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)	\$ (3,583)	\$ (964,332)	\$ (967,915)
Adjustment to Reconcile Operating (Loss) to Cash Provided by Operating Activities:			
Depreciation		44,460	44,460
Federal Food Distribution Program		208,205	208,205
Changes in Assets and Liabilities:			
(Increase) in Other Accounts Receivable		(10,215)	(10,215)
(Increase) in Inventory		(9,902)	(9,902)
(Decrease) in Unearned Revenue - Donated Commodities		(299)	(299)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(1,607)	15,712	14,105
Net Cash Provided by Operating Activities	<u>\$ (5,190)</u>	<u>\$ (716,371)</u>	<u>\$ (721,561)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received \$207,906 and utilized \$208,205 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2024.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Maturities of Bonds									
Purpose	Date of Issue	Original Issue	Outstanding		Int. Rate	Balance July 1, 2023	Matured	Balance June 30, 2024	
			Date	Amount					
Referendum Bonds 2021	07/09/2020	\$ 35,416,000	07/15/2024	\$ 1,555,000	2.000%				
			07/15/2025	1,595,000	2.000%				
			07/15/2026	1,630,000	2.000%				
			07/15/2027	1,675,000	2.000%				
			07/15/2028	1,715,000	2.000%				
			07/15/2029	1,760,000	2.000%				
			07/15/2030	1,800,000	2.000%				
			07/15/2031	1,845,000	2.000%				
			07/15/2032	1,890,000	2.000%				
			07/15/2033	1,940,000	2.000%				
			07/15/2034	1,990,000	2.000%				
			07/15/2035	2,040,000	2.000%				
			07/15/2036	2,090,000	2.000%				
			07/15/2037	2,140,000	2.000%				
			07/15/2038	2,195,000	2.000%				
			07/15/2039	2,250,000	2.000%				
			07/15/2040	2,315,000	2.000%				
						\$ 33,940,000	\$ 1,515,000	\$ 32,425,000	
						\$ 33,940,000	\$ 1,515,000	\$ 32,425,000	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Item	Interest Rate	Original Issue	Balance June 30, 2023	Matured	Balance June 30, 2024
Energy Savings Program	2.84%	\$ 16,085,000	\$ 10,361,378	\$ 703,512	\$ 9,657,866
Various Equipment Purchases	1.20%	2,240,000	777,058	498,916	278,142
			<u>\$ 11,138,436</u>	<u>\$ 1,202,428</u>	<u>\$ 9,936,008</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Purpose	Interest Rate	Original Issue	Balance June 30, 2023	Issued	Matured	Balance June 30, 2024
Custodial Equipment	1.955%	\$ 188,585	\$ 39,192		\$ 39,192	
Vehicles	2.143%	259,750	54,176		54,176	
Buildings and Grounds Vehicles and Equipment; Buses	0.964%	2,192,136	1,327,877		438,387	\$ 889,490
New Phone System	1.027%	446,393	270,568		89,269	181,299
Technology and Security Upgrades #1	2.398%	117,666	95,234		22,969	72,265
Technology and Security Upgrades #2	2.398%	2,634,985	1,999,466		650,759	1,348,707
Cannon Copiers	4.260%	449,340		\$ 449,340	230,003	219,337
			<u>\$ 3,786,513</u>	<u>\$ 449,340</u>	<u>\$ 1,524,755</u>	<u>\$ 2,711,098</u>

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 1,439,438		\$ 1,439,438	\$ 1,439,438	
State Sources:					
Debt Service Aid Type II	739,212		739,212	739,212	
Total Revenue	2,178,650		2,178,650	2,178,650	
EXPENDITURES:					
Regular Debt Service:					
Interest	663,650		663,650	663,650	
Redemption of Principal	1,515,000		1,515,000	1,515,000	
Total Regular Debt Service	2,178,650		2,178,650	2,178,650	
Total Expenditures	2,178,650		2,178,650	2,178,650	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities/(Deficit):										
Net Investment in Capital Assets	\$ 44,936,246	\$ 45,360,739	\$ 47,960,948	\$ 48,345,680	\$ 48,812,190	\$ 50,405,821	\$ 34,102,808	\$ 59,835,556	\$ 61,175,168	\$ 61,791,907
Restricted	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566	18,800,849	18,980,113
Unrestricted	(26,827,089)	(27,805,456)	(31,114,694)	(32,460,603)	(32,754,758)	(33,329,139)	(31,091,641)	(26,656,741)	(23,567,330)	(24,428,418)
Total Governmental Activities Net Position	\$ 25,083,344	\$ 25,212,849	\$ 23,764,187	\$ 21,657,121	\$ 22,074,222	\$ 27,040,542	\$ 35,039,762	\$ 52,185,381	\$ 56,408,687	\$ 56,343,602
Business-Type Activities/(Deficit):										
Investment in Capital Assets	\$ 136,519	\$ 136,619	\$ 121,390	\$ 106,161	\$ 90,931	\$ 75,810	\$ 130,138	\$ 221,508	\$ 226,078	\$ 328,394
Unrestricted/(Deficit)	(60,230)	(93,185)	(49,064)	(52,566)	43,247	(249,848)	345,599	1,609,033	1,433,397	1,312,998
Total Business-Type Activities Net Position	\$ 76,290	\$ 43,434	\$ 72,326	\$ 53,594	\$ 134,178	\$ (174,037)	\$ 475,737	\$ 1,830,541	\$ 1,659,475	\$ 1,641,392
District-Wide/(Deficit):										
Net Investment in Capital Assets	\$ 45,072,765	\$ 45,497,358	\$ 48,082,338	\$ 48,451,841	\$ 48,903,122	\$ 50,481,632	\$ 34,232,946	\$ 60,057,064	\$ 61,401,246	\$ 62,120,301
Restricted	6,974,187	7,657,566	6,917,933	5,772,045	6,016,791	9,963,860	32,028,595	19,006,566	18,800,849	18,980,113
Unrestricted	(26,887,318)	(27,898,640)	(31,163,758)	(32,513,169)	(32,711,512)	(33,578,986)	(30,746,043)	(25,047,708)	(22,133,933)	(23,115,420)
Total District Net Position	\$ 25,159,634	\$ 25,256,284	\$ 23,836,513	\$ 21,710,716	\$ 22,208,400	\$ 26,866,505	\$ 35,515,499	\$ 54,015,922	\$ 58,068,162	\$ 57,984,994

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction	\$ 74,316,776	\$ 77,204,533	\$ 78,511,939	\$ 105,084,161	\$ 102,579,914	\$ 96,046,100	\$ 110,596,249	\$ 89,231,641	\$ 94,274,736	\$ 98,868,768
Support Services:										
Tuition	3,112,935	2,507,495	2,459,697	2,495,989	1,904,426	2,258,300		2,040,288	2,422,325	2,065,212
Student and Instruction Related Services	18,676,091	20,778,860	21,587,315	28,407,728	28,738,881	25,914,555	26,151,901	20,902,343	21,984,187	23,518,464
General Administrative Services	4,243,278	4,601,059	4,640,663	5,973,852	5,474,583	5,147,570	1,765,703	2,127,668	1,894,548	2,349,863
School Administrative Services	5,773,292	5,782,943	6,113,463	7,996,281	7,970,791	7,712,198	7,247,321	6,376,475	6,404,320	6,428,289
Plant Operations and Maintenance	9,301,598	9,044,922	9,530,527	12,468,507	13,190,510	12,284,432	10,570,516	10,159,497	10,448,004	11,643,295
Pupil Transportation	6,984,429	8,077,406	8,028,302	9,594,801	8,940,841	8,837,432	7,327,551	10,316,670	12,119,718	13,434,315
Central Services							1,765,926	1,762,932	1,827,877	2,004,269
Administrative Information Technology							947,590	1,427,760	2,012,684	1,652,148
Capital Outlay						219,974		286,095	71,124	71,124
Charter Schools	71,124	71,124	71,124	71,124	71,124	71,124			312,237	266,774
SDA Debt Service Assessment	870,874	747,576	824,247	501,111	377,744	225,420	731,907	768,069	693,560	649,762
Interest on Long-Term Debt							167,104,664	145,399,438	154,465,320	162,952,283
Total Governmental Activities Expenses	123,350,397	128,815,918	131,767,277	172,593,554	169,248,814	158,717,105				
Business-Type Activities:										
Food Service	2,405,081	2,708,138	2,726,770	2,791,241	2,744,933	2,169,187	2,233,975	3,529,030	3,674,610	3,234,651
Summer Enrichment	168,150	205,965	153,995	151,287	95,460	150,697	8,439	170,502	228,837	277,477
Total Business-Type Activities Expense	2,573,231	2,914,103	2,880,765	2,942,528	2,840,393	2,319,884	2,242,414	3,699,532	3,903,447	3,512,128
Total District Expenses	125,923,628	131,730,021	134,648,042	175,536,082	172,089,207	161,036,989	169,347,078	149,098,970	158,368,767	166,464,411
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	4,320	7,920	2,498	900		24,945	480,707	523,734	660,004	786,646
Student & Instruction Related Services	343,560	240,463	137,335					782,991	1,146,071	1,438,631
Interest on Long-Term Debt										
Operating Grants and Contributions	16,957,459	17,915,136	17,678,868	54,319,949	50,753,540	42,436,321	46,216,832	37,516,665	30,674,910	31,236,987
Total Governmental Activities Program Revenues	17,305,339	18,163,519	17,818,701	54,320,849	50,753,540	42,461,266	46,697,539	38,823,390	32,480,985	33,462,264
Business-Type Activities:										
Charges for Services:										
Food Service	1,939,777	2,129,701	2,168,114	2,169,422	2,324,965	1,478,899	2,029	644,199	2,304,625	2,270,319
Summer Enrichment	176,671	212,789	191,586	171,745	78,731	81,220	38,664	170,502	214,629	273,894
Operating Grants and Contributions	509,138	538,758	549,953	582,629	517,280	451,550	2,771,523	4,239,636	1,213,127	949,832
Total Business-Type Activities Program Revenues	2,625,586	2,881,248	2,909,653	2,923,796	2,920,976	2,011,669	2,812,216	5,054,337	3,732,381	3,494,045
Total District Program Revenues	19,930,925	21,044,767	20,728,354	57,244,645	53,674,516	44,472,935	49,509,755	43,877,727	36,213,366	36,956,309

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue:										
Governmental Activities	\$ (106,045,058)	\$ (110,652,399)	\$ (113,948,576)	\$ (118,272,705)	\$ (118,495,274)	\$ (116,255,839)	\$ (120,407,125)	\$ (106,576,048)	\$ (121,984,335)	\$ (129,490,019)
Business-Type Activities	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805	(171,066)	(18,083)
Total District-Wide Net Expense	(105,992,703)	(110,685,254)	(113,919,688)	(118,291,437)	(118,414,691)	(116,564,054)	(119,837,323)	(105,221,243)	(122,155,401)	(129,508,102)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	83,613,861	86,986,137	88,725,860	91,982,597	95,517,733	98,311,708	100,277,942	102,283,501	104,329,171	109,252,270
Taxes Levied for Debt Service	2,550,932	2,558,012	2,550,932	2,580,251	2,472,427	2,364,796	2,252,361	2,058,887	1,192,101	1,439,438
Unrestricted Grants and Contributions	20,070,010	20,079,684	20,063,162	20,732,669	19,576,367	19,090,699	25,000,176	18,215,674	18,907,511	16,882,581
Tuition (other than special schools)	687,242	673,034	424,955	611,870	599,420	445,099				
Investment Earnings	19,273	16,062	21,022	20,411	143,028	71,962				
Miscellaneous Income	246,399	576,495	514,183	737,843	603,401	937,895	952,065	1,163,605	1,778,858	1,850,645
Adjustment to Capital Assets				(500,000)						
Other Item - SDA Grants Cancelled		(107,520)								
Total Governmental Activities	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667	126,207,641	129,424,934
Total District-Wide	107,187,717	110,781,904	112,300,114	116,165,641	118,912,376	121,222,159	128,482,544	123,721,667	126,207,641	129,424,934
Change in Net Position:										
Governmental Activities	1,142,659	129,505	(1,648,462)	(2,107,064)	417,102	4,966,320	8,075,419	17,145,619	4,223,306	(65,085)
Business-Type Activities	52,355	(32,855)	28,888	(18,732)	80,583	(308,215)	569,802	1,354,805	(171,066)	(18,083)
Total District	\$ 1,195,014	\$ 96,650	\$ (1,619,574)	\$ (2,125,796)	\$ 497,685	\$ 4,658,105	\$ 8,645,221	\$ 18,500,424	\$ 4,052,240	\$ (83,168)

Source: Hillsborough Township Public Schools Financial Reports

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

	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Restricted										
Assigned	\$ 6,787,238	\$ 7,975,802	\$ 8,741,241	\$ 5,665,868	\$ 5,871,549	\$ 10,919,456	\$ 14,342,833	\$ 15,790,262	\$ 17,129,625	\$ 17,417,776
Unassigned	161,280	304,876	38,892	4,445	14,032	236,389	662,117	1,550,237	2,768,366	1,833,261
	309,942		(44,021)	17,824	280,711	(11,692)	2,656,584	2,609,049	1,402,592	925,049
Total General Fund	\$ 7,258,460	\$ 8,280,678	\$ 8,736,112	\$ 5,688,137	\$ 6,166,292	\$ 11,144,153	\$ 17,661,534	\$ 19,949,548	\$ 21,300,583	\$ 20,176,086
All Other Governmental Funds:										
Restricted:										
Special Revenue Fund							\$ 738,532	\$ 840,572	\$ 882,411	\$ 906,784
Capital Projects Fund	\$ 263,566	\$ (116,352)	\$ (1,704,267)	\$ 227,733	\$ 227,733	\$ (910,389)	17,322,081	2,134,400	788,813	655,553
Debt Service Fund	1	1	8,020	8,545	11,840	13,434	241,332	241,332		
Committed:										
Capital Projects Fund										608,801
Total All Other Governmental Funds	\$ 263,567	\$ (116,351)	\$ (1,696,247)	\$ 236,278	\$ 239,573	\$ (896,955)	\$ 18,301,945	\$ 3,216,304	\$ 1,671,224	\$ 2,171,138

Source: Hillsborough Township Public Schools Financial Reports

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Tax Levy	\$ 86,506,354	\$ 89,782,613	\$ 91,414,127	\$ 94,562,848	\$ 97,990,160	\$ 100,676,506	\$ 102,530,303	\$ 104,342,388	\$ 105,521,272	\$ 110,691,708
Tuition Charges	691,562	680,954	427,452	612,770	599,420	470,044		523,734	660,004	786,646
Interest Earned on Investments	19,273	18,062	21,022	20,411	143,028	71,962	1,477,269	1,972,741	2,975,627	3,372,133
Miscellaneous	258,206	634,123	546,623	778,910	702,232	937,895	50,688,682	55,884,152	57,452,441	56,779,870
State Sources	35,092,820	35,868,632	35,711,725	45,324,156	47,678,141	46,814,533	2,214,641	2,570,307	3,258,483	4,840,831
Federal Sources	1,924,841	2,068,559	1,997,866	1,791,023	2,132,428	1,979,890				
Total Revenue	124,493,056	129,052,943	130,118,815	143,090,118	149,245,409	150,950,830	156,910,895	165,293,322	169,867,827	176,471,188
Expenditures:										
Instruction:										
Regular Instruction	34,499,423	34,766,880	34,983,211	35,348,459	36,074,650	34,132,872	34,192,445	36,395,767	37,357,088	39,410,920
Special Education Instruction	11,290,657	12,445,328	12,548,244	12,800,950	13,115,116	13,085,274	15,396,693	13,899,569	14,459,128	15,117,810
Other Special Instruction								5,314,727	5,669,709	5,734,840
Other Instruction	6,825,498	6,885,244	7,004,993	7,230,692	7,150,291	6,851,120	6,729,474	1,430,926	1,580,021	1,639,869
Support Services:										
Tuition	3,112,935	2,507,496	2,459,697	2,495,869	1,904,426	2,258,300	3,812,134	2,040,288	2,422,325	2,065,212
Student and Instruction Related Services	14,465,452	16,154,455	16,594,833	17,216,328	18,203,147	16,250,624	17,298,380	18,744,579	18,871,221	19,657,983
School Administrative Services	4,013,734	4,059,882	4,131,759	4,203,681	4,332,317	4,286,205	4,219,128	4,319,823	4,459,069	4,503,474
General Administrative Services	3,413,894	3,617,371	3,672,566	3,711,730	3,557,269	3,502,386	1,781,882	1,705,902	1,438,653	1,854,677
Plant Operations and Maintenance	7,588,763	7,734,581	8,934,085	9,935,499	9,666,826	9,020,361	8,694,493	10,177,411	10,421,113	11,881,003
Pupil Transportation	6,625,351	7,610,768	7,474,757	8,369,643	8,441,655	8,447,503	8,823,118	9,621,521	11,249,627	12,448,899
Central Services & Administrative IT							1,935,362	2,365,780	2,269,132	2,313,926
Unallocated Benefits	27,288,897	28,524,425	28,356,256	39,451,382	43,138,923	44,893,596	43,093,738	51,274,554	55,451,182	56,784,117
Transfer to Charter Schools						219,974		286,095	312,237	266,774
Debt Service:										
Principal	2,515,000	2,520,000	2,515,000	4,442,000	2,505,000	2,500,000	2,490,000	1,720,000	1,476,000	1,515,000
Interest and Other Charges	906,805	783,588	680,179	636,962	413,515	291,110	731,907	1,079,192	693,560	663,650
Capital Outlay	1,343,996	693,105	1,887,698	970,639	260,825	1,370,173	20,582,677	17,714,816	4,684,458	1,686,957
Total Expenditures	123,890,405	128,303,123	131,243,278	146,813,834	148,763,960	147,109,498	169,781,431	178,090,950	172,814,523	177,545,111
Excess (Deficiency) of Revenues Over (Under) Expenditures	602,651	749,820	(1,124,463)	(3,723,716)	481,449	3,841,332	(12,870,536)	(12,797,628)	(2,946,696)	(1,073,923)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Bond Anticipation Note Funded										
Bond Proceeds		\$ (107,520)		\$ 1,932,000			\$ 35,416,000			
New Jersey E.D.A. Grants				676,267			2,240,000		\$ 2,752,651	\$ 449,340
Leases (Non-Budgeted)	\$ 782,800	156,046	\$ 8,019	1,265,735	\$ 2,869	\$ 1,594	227,733			611,190
Transfers In	(782,800)	(156,046)	(8,019)	(1,265,735)	(2,869)	(1,594)	(227,733)			(611,190)
Transfers Out		(107,520)		2,608,267			37,656,000		2,752,651	449,340
Total Other Financing Sources (Uses)										
Net Change in Fund Balances	\$ 602,651	\$ 642,300	\$ (1,124,463)	\$ (1,115,449)	\$ 481,449	\$ 3,841,332	\$ 24,785,464	\$ (12,797,628)	\$ (194,045)	\$ (624,583)
Debt Service as a Percentage of Noncapital Expenditures	2.87 %	2.66 %	2.53 %	3.61 %	2.00 %	1.95 %	2.21 %	1.78 %	1.31 %	1.25 %

Source: Hillsborough Township Public Schools Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>Fees</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2015	\$ 19,273	\$ 4,320	\$ 221,413	\$ 687,242	\$ 932,248
2016	18,062	7,920	576,495	673,034	1,275,511
2017	13,003	2,498	514,183	424,955	954,638
2018	19,972	900	737,758	611,870	1,370,499
2019	140,159		603,400	599,420	1,342,979
2020	70,368	24,945	894,245	445,099	1,434,657
2021	29,721	19,000	767,991	135,353	952,065
2022	31,440		1,132,165	523,734	1,687,339
2023	479,528		1,299,330	660,004	2,438,862
2024	989,161		861,484	786,646	2,637,291

Source: Hillsborough Township Public Schools Financial Reports

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2014	\$ 77,480,700	\$ 4,596,927,400	\$ 95,248,000	\$ 397,914,100	\$ 193,664,500	\$ 95,970,600	\$ 5,457,205,300	\$ 3,035,857	\$ 5,460,241,157	\$ 1.54	\$ 5,676,041,481
2015	74,521,700	4,653,158,000	95,210,600	397,202,200	191,400,800	102,671,900	5,514,165,200	3,100,424	5,517,265,624	1.58	5,687,530,358
2016	71,014,800	4,740,155,800	93,680,300	417,265,100	191,549,700	106,781,700	5,620,447,400	3,047,705	5,623,495,105	1.60	5,816,900,054
2017	* 75,691,300	4,833,831,900	66,005,000	436,936,200	193,376,000	106,035,200	5,711,875,600	3,042,893	5,714,918,493	1.60	6,978,904,846
2018	68,712,100	5,016,174,200	85,528,600	410,565,800	198,596,900	148,154,700	5,927,732,300	3,109,514	5,930,841,814	1.61	6,196,928,665
2019	64,894,900	5,217,400,700	80,968,100	428,899,100	195,673,200	164,173,700	6,152,009,700	3,168,769	6,155,178,469	1.60	6,878,244,527
2020	71,551,400	5,388,809,700	78,937,700	437,773,500	199,607,400	163,647,300	6,340,327,000	3,225,519	6,343,552,519	1.59	6,545,829,455
2021	74,371,100	5,585,252,100	79,489,500	469,093,400	211,585,600	163,647,300	6,583,439,000	3,366,855	6,586,805,855	1.56	6,741,182,675
2022	75,121,400	6,120,261,400	83,470,200	475,683,900	217,496,700	163,663,800	7,135,697,400	3,488,595	7,139,185,995	1.48	7,253,132,228
2023	66,564,600	6,547,135,600	87,457,200	492,061,800	221,557,800	208,771,800	7,623,548,800	3,637,300	7,627,186,100	1.39	7,827,489,920

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

^b Tax rates are per \$100

* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	Township of Hillsborough School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Hillsborough	Somerset County	
2014	\$ 1.47	\$ 0.06	\$ 1.54	\$ 0.39	\$ 0.41	\$ 2.33
2015	1.52	0.06	1.58	0.39	0.41	2.38
2016	1.54	0.06	1.60	0.40	0.41	2.41
2017	* 1.54	0.06	1.60	0.40	0.42	2.42
2018	1.52	0.08	1.61	0.40	0.41	2.42
2019	1.55	0.05	1.60	0.35	0.42	2.36
2020	1.54	0.04	1.59	0.34	0.41	2.34
2021	1.53	0.03	1.56	0.34	0.40	2.30
2022	1.46	0.02	1.48	0.32	0.39	2.19
2023	1.43	0.02	1.39	0.32	0.38	2.09

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

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

* Revaluation/reassessment effective in this year.

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

Source: Municipal Tax Collector and School Business Administrator

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

	2024	
	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer		
Brookhaven Lofts, LLC	\$ 67,145,400	0.88 %
Texas Eastern Transmission	46,919,900	0.62 %
Sunnymeade Run	41,020,000	0.54 %
KD Hillsborough 44A Inc	36,954,800	0.48 %
Beekman Gardens Associates	28,305,000	0.37 %
Hillsborough Village Center LLC	27,398,500	0.36 %
Amwell Terrace LLC	22,367,200	0.29 %
Hillsborough Gardens Assoc.	20,883,300	0.27 %
Nelson's Corner Associates	20,853,500	0.27 %
Duke Farms Foundation	20,060,000	0.26 %
Total	<u>\$ 331,907,600</u>	<u>4.35 %</u>

	2015	
	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer		

NOT AVAILABLE

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 86,508,354	\$ 86,508,354	100.00 %	-0-
2016	89,782,613	89,782,613	100.00 %	-0-
2017	91,414,127	91,414,127	100.00 %	-0-
2018	94,562,848	94,562,848	100.00 %	-0-
2019	97,990,160	97,990,160	100.00 %	-0-
2020	100,676,506	100,676,506	100.00 %	-0-
2021	102,530,303	102,530,303	100.00 %	-0-
2022	104,342,388	104,342,388	100.00 %	-0-
2023	105,521,272	105,521,272	100.00 %	-0-
2024	110,691,708	110,691,708	100.00 %	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases Payable	Leases Payable	Bond Anticipation Notes (BANs)			
2015	\$ 16,760,000	\$ 16,085,000			\$ 32,845,000	0.95 %	\$ 836
2016	14,240,000	15,905,000			30,145,000	0.83 %	766
2017	11,725,000	14,824,826		\$ 1,932,000	28,481,826	0.73 %	723
2018	9,215,000	14,259,565	\$ 6,556,767		30,031,332	0.73 %	762
2019	6,710,000	13,401,145	5,884,799		25,995,944	0.59 %	654
2020	4,210,000	12,514,874	5,126,928		21,851,802	0.48 %	545
2021	37,136,000	13,531,527	4,349,174		55,016,701	1.20 %	1,372
2022	35,416,000	12,290,480	3,033,489		50,739,969	1.06 %	1,174
2023	33,940,000	11,138,378	3,786,513		48,864,891	1.00 %	1,107
2024	32,425,000	9,936,008	2,711,098		45,072,106	0.92 %	1,021

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

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

Source: Hillsborough Township Public Schools Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 16,760,000	\$ -0-	\$ 16,760,000	0.31 %	\$ 427
2016	14,240,000	-0-	14,240,000	0.26 %	362
2017	11,725,000	-0-	11,725,000	0.21 %	298
2018	9,215,000	-0-	9,215,000	0.16 %	234
2019	6,710,000	-0-	6,710,000	0.11 %	169
2020	4,210,000	-0-	4,210,000	0.07 %	105
2021	37,136,000	-0-	37,136,000	0.59 %	926
2022	35,416,000	-0-	35,416,000	0.54 %	819
2023	33,940,000	-0-	33,940,000	0.48 %	769
2024	32,425,000	-0-	32,425,000	0.43 %	735

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

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

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

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Township of Hillsborough	\$ 26,295,395	100.00 %	\$ 26,295,395
County of Somerset General Obligation Debt	276,384,694	10.69 %	29,532,672
County of Somerset Improvement Authority Debt	186,285,297	10.69 %	19,905,236
Subtotal, Overlapping Debt			75,733,303
Township of Hillsborough School District Direct Debt			32,425,000
Total Direct and Overlapping Debt			<u>\$ 108,158,303</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024

	Equalized Valuation Basis	
	2023	\$ 8,700,602,898
	2022	7,919,752,941
	2021	7,320,626,042
		<u>\$ 23,940,981,881</u>
Average Equalized Valuation of Taxable Property		<u>\$ 7,980,327,294</u>
Debt Limit (4% of Average Equalization Value)		\$ 319,213,092 ^a
Net Bonded School Debt Issued and Unissued		<u>32,425,000</u>
Legal Debt Margin		<u>\$ 286,788,092</u>

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 261,260,969	\$ 230,098,520	\$ 269,607,011	\$ 294,360,642	\$ 319,213,092
Total Net Debt Applicable to Limit	<u>4,210,000</u>	<u>37,136,000</u>	<u>35,416,000</u>	<u>33,940,000</u>	<u>32,425,000</u>
Legal Debt Margin	<u>\$ 257,050,969</u>	<u>\$ 192,962,520</u>	<u>\$ 234,191,011</u>	<u>\$ 260,420,642</u>	<u>\$ 286,788,092</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.61 %	16.14 %	13.14 %	11.53 %	10.16 %

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 235,338,708	\$ 234,700,839	\$ 239,198,676	\$ 246,791,955	\$ 254,213,237
Total Net Debt Applicable to Limit	<u>16,760,000</u>	<u>14,240,000</u>	<u>11,725,000</u>	<u>9,215,000</u>	<u>6,710,000</u>
Legal Debt Margin	<u>\$ 218,578,708</u>	<u>\$ 220,460,839</u>	<u>\$ 227,473,676</u>	<u>\$ 237,576,955</u>	<u>\$ 247,503,237</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.12 %	6.07 %	4.90 %	3.73 %	2.64 %

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Somerset County Per Capita Personal Income ^b</u>	<u>Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	39,277	\$ 88,399	\$ 3,472,047,523	4.00%
2016	39,348	92,352	3,633,866,496	3.70%
2017	39,388	99,210	3,907,683,480	3.50%
2018	39,432	104,620	4,125,375,840	3.20%
2019	39,724	110,466	4,388,151,384	2.70%
2020	40,081	112,825	4,522,138,825	7.10%
2021	40,105	113,975	4,570,967,375	5.70%
2022	43,228	110,753	4,787,630,684	2.80%
2023	44,135	110,753 *	4,888,083,655	3.40%
2024	44,135 **	110,753 *	4,888,083,655 ***	N/A

N/A - Not Available

* - Latest Somerset County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest available population data (2023) and latest available Somerset County per capita personal income (2022) was used for calculation purposes.

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

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

			2024	
				Percentage of
Employer	Employees	Rank		Total
				Employment

INFORMATION IS NOT AVAILABLE

			2015	
				Percentage of
Employer	Employees	Rank		Total
				Employment

INFORMATION IS NOT AVAILABLE

Source: Somerset County Business Partnership Website

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

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Instruction:										
Regular	651	655	652	653	653	683	667	679	658	674
Support Services:										
Attendance	1	2	1	1	1		1	1	1	1
Health Services	11	11	12	12	12	12	12	14	14	8
Related Services	17	17	23	26	26	25	27	27	23	23
Extraordinary Services	94	94	92	96	111	94	92	84	102	80
Guidance Professional	21	21	22	25	27	27	27	27	27	29
Guidance Support	2	2	2	2	2		1	1	1	1
Child Study Team Professional	24	24	25	26	26	25	26	26	26	24
Child Study Team Staff	5	5	4	5	5	3	3	3	3	2
Improvement of Instruction Supervisors	7	7	7	7	6	7	7	7	7	7
Improvement of Instruction Support	3	3	3	3	3	4	3	3	3	3
Media Services	12	12	10	10	10	10	10	10	10	8
Instructional Staff Training Services						1	1	1	1	1
General administrative Professional	7	7	6	6	6	1	2	2	2	2
General administrative Support	4	4	3	3	3	3	2	2	2	2
School Administrative Professional	20	20	17	17	17	21	20	20	20	19
School Administrative Support	31	31	27	28	28	30	24	24	24	24
Central Services Professional	6	6	8	8	8	3	3	3	3	3
Central Services Support	7	7	13	13	13	9	12	12	12	12
Technology	11	11	13	13	12	9	10	11	10	11
Operations and Maintenance	100	98	114	128	128	123	86	86	82	102
Transportation	32	31	28	33	35	47	47	44	51	45
Total	<u>1,066</u>	<u>1,068</u>	<u>1,082</u>	<u>1,115</u>	<u>1,132</u>	<u>1,137</u>	<u>1,083</u>	<u>1,087</u>	<u>1,082</u>	<u>1,081</u>

Source: Hillsborough Township Public School District Personnel Records

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment ^a	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
2015	7,210	\$ 119,124,604	\$ 16,522	0.49%	745	9.7	7,230	6,967	-0.04%	96.36%
2016	7,201	124,306,429	17,262	4.48%	747	9.6	7,319	7,037	1.23%	96.15%
2017	7,275	126,070,401	17,329	0.39%	743	9.8	7,271	6,988	-0.66%	96.11%
2018	7,345	140,664,232	19,151	10.51%	745	9.9	7,349	7,046	1.07%	95.88%
2019	7,406	145,584,620	19,658	2.65%	756	9.8	7,419	7,123	0.95%	96.01%
2020	7,486	142,948,215	19,095	-2.86%	728	10.3	7,432	7,177	0.18%	96.57%
2021	7,234	146,540,446	20,257	6.08%	716	10.1	7,220	7,043	-2.85%	97.55%
2022	7,233	157,576,942	21,786	7.55%	727	9.9	7,223	6,900	0.04%	95.53%
2023	7,237	165,960,505	22,932	5.26%	717	10.1	7,222	6,851	-0.01%	94.86%
2024	7,220	173,679,504	24,055	4.90%	734	9.8	7,222	6,873	0.00%	95.17%

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

^b The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost per Pupil may be different from other Cost per Pupil calculations.

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

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

Note: Enrollment based on annual October district count.

Source: Hillsborough Township Public Schools Financial Records

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>District Buildings</u>										
Elementary Schools:										
Amsterdam Elementary (1990)										
Square Feet	53,045	53,045	53,045	53,045	58,233	58,233	58,233	58,233	58,233	58,233
Capacity (students)	600	600	600	600	506	506	506	506	506	506
Enrollment	487	532	548	512	511	502	502	422	387	387
Hillsborough Elementary (1949)										
Square Feet	64,810	64,810	64,810	64,810	68,980	68,980	68,980	68,980	68,980	68,980
Capacity (students)	600	600	600	600	518	518	518	518	518	518
Enrollment	516	501	466	499	520	536	478	477	484	479
Sunnymead Elementary (1959)										
Square Feet	50,001	50,001	50,001	50,001	51,450	51,450	51,450	51,450	51,450	51,450
Capacity (students)	600	600	600	600	459	459	459	459	459	459
Enrollment	416	451	430	461	489	501	492	492	494	543
Triangle Elementary {1960}										
Square Feet	47,435	47,435	47,435	47,435	52,095	52,095	52,095	52,095	52,095	52,095
Capacity (students)	600	600	600	600	443	443	443	443	443	443
Enrollment	370	377	357	389	369	353	356	356	371	373
Woodfern Elementary (1960)										
Square Feet	47,041	47,041	47,041	47,041	51,830	51,830	51,830	51,830	51,830	51,830
Capacity (students)	600	600	600	600	481	481	481	481	481	481
Enrollment	390	356	346	343	363	374	338	338	332	309
Wood Road Elementary (1967)										
Square Feet	58,176	58,176	58,176	58,176	59,746	59,746	59,746	59,746	59,746	59,746
Capacity (students)	600	600	600	600	600	529	529	529	529	529
Enrollment	472	488	483	481	474	476	399	398	375	422
Intermediate School:										
Auten Road Intermediate School (1998)										
Square Feet	120,335	120,335	120,335	120,335	177,374	177,374	177,374	177,374	177,374	177,374
Capacity (students)	1,300	1,300	1,300	1,300	1,242	1,242	1,242	1,242	1,242	1,242
Enrollment	1,097	1,152	1,168	1,138	1,164	1,189	1,156	1,157	1,201	1,117
Middle School:										
Hillsborough Middle School (1975)										
Square Feet	165,811	165,811	165,811	165,811	176,000	176,000	176,000	176,000	176,000	176,000
Capacity {students}	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,153	1,197	1,178	1,198	1,208	1,223	1,212	1,219	1,191	1,232
High School:										
Hillsborough High School (1967)										
Square Feet	314,615	314,615	314,615	314,615	375,913	375,913	375,913	375,913	375,913	375,913
Capacity (students)	2,600	2,600	2,600	2,600	2,334	2,334	2,334	2,334	2,334	2,334
Enrollment	2,228	2,255	2,255	2,255	2,308	2,308	2,308	2,369	2,352	2,358
Number of Schools at June 30, 2024										
Elementary = 6										
Intermediate School = 1										
Middle School = 1										
High School = 1										

Source: Hillsborough Township Public Schools District Facilities Office

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

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

Fiscal Year Ended June 30,	Hillsborough High School	Hillsborough Middle School	Auten Road Intermediate School	Amsterdam Elementary School	Hillsborough Elementary School	Sunnyside Elementary School	Triangle Elementary School	Woodfern Elementary School	Wood Road Elementary School	Total
2015	\$ 191,050	\$ 101,457	\$ 54,304	\$ 24,410	\$ 40,798	\$ 28,583	\$ 30,150	\$ 59,126	\$ 45,695	\$ 575,573
2016	187,411	93,548	74,357	36,162	35,178	15,939	35,360	36,097	39,532	541,584
2017	686,901	271,395	223,149	39,496	77,105	29,595	26,943	42,935	52,190	1,449,709
2018	682,769	366,055	150,357	92,470	205,105	39,254	135,246	62,436	286,340	2,020,032
2019	212,764	22,115	48,133	18,285	31,790	43,878	38,521	29,001	38,260	482,747
2020	131,029	58,439	40,478	15,037	19,572	(3,232)	11,043	17,173	25,725	315,264
2021	82,646	12,253	10,229	4,771	17,559	2,271	2,870	4,743	4,036	141,378
2022	319,084	149,393	150,559	49,429	58,552	43,672	44,219	43,994	50,714	909,616
2023	286,794	225,128	144,328	36,728	97,161	80,587	126,228	79,364	32,101	1,108,419
2024	850,699	309,026	282,479	225,499	124,119	182,705	184,385	70,267	73,275	2,302,454

Source: Hillsborough Township Public Schools Financial Reports

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2024
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Property - Blanket Building and Contents	\$ 339,957,240	\$ 1,000
Extra Expense	1,000,000	
Liability - Bodily Injury & Property Damage - Per Occurrence	1,000,000	
Crime Coverage:		
Faithful Performance	100,000	500
Money and Securities	25,000	500
Electronic Data Processing Hardware	1,710,115	250
Electronic Data Processing Software	10,000	250
Audio Visual Equipment	24,100	250
Automobile	1,000,000	250 PIP/1,000
Commercial Umbrella Liability	20,000,000	10,000
New Jersey Schools Insurance Group:		
Worker's Compensation and Employer's Liability	3,000,000	
Fireman's Fund Insurance Co."		
Excess Umbrella Liability	25,000,000	
Bollinger Insurance Company:		
Student Accident Insurance	6,000,000	
Lloyd's Syndicate 2623/623 (Beazley Furlonge Ltd):		
Environmental Liability	1,000,000	10,000
Microbial Matter		Max 250,000
ACE American Insurance Company (Westchester/Chubb):		
Cyber Liability	1,000,000	25,000
Scholastic First (The Hartford Fire Insurance Company):		
International Package Policy:		
International Property - Misc. Business Personal Property	25,000	2,500
International General Liability	1,000,000	
Business Auto Coverage:		
Hired & Non-Owned Liability	1,000,000	
Hired Auto Physical Damage	60,000	1,000
Employer's Responsibility Coverage:	1,000,000	
Business Travel Accident	1,000,000	
International Kidnap and Ransom/Extortion	2,500,000	
Selective Insurance Company:		
Surety Bond:		
Board Secretary/Business Administrator	550,000	
Assistant Board Secretary/Business Administrator	550,000	
Treasurer of School Monies	550,000	

Source: Hillsborough Township Public Schools Financial Reports

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Hillsborough Township Public Schools, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

September 13, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP

A handwritten signature in black ink, appearing to read 'Andrew Kucinski', is written over a horizontal line.

Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Hillsborough Township Public Schools (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2024. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

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

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

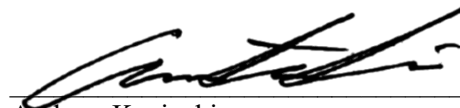
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

September 13, 2024
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Cancellation of Prior Years' Accounts Payable/ Encumbrances	Balance at June 30, 2024		Amounts Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Unearned Revenue	Budgetary Accounts Receivable	
U.S. Department of Agriculture:											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Federal Food Distribution Program	10.555	N/A	7/1/23-6/30/24	\$ 207,906	\$ 19,144		\$ 207,906		\$ 18,845		
Federal Food Distribution Program	10.555	N/A	7/1/22-6/30/23	238,944							
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	498,423			472,511			\$ (25,912)	
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	561,305	(38,875)		38,875				
School Breakfast Program	10.555	N/A	7/1/23-6/30/24	27,940			25,886			(2,054)	
School Breakfast Program	10.555	N/A	7/1/22-6/30/23	17,997	(1,745)		1,745				
COVID-19 Supply Chain Assistance	10.555	N/A	7/1/23-6/30/24	167,653			167,653				
Total Child Nutrition Cluster					(21,476)		914,576		18,845	(27,966)	
Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/23-6/30/24	653			653				
Local Food For Schools Cooperative	10.185	N/A	7/1/23-6/30/24	1,918			1,526			(392)	
Total U.S. Department of Agriculture					(21,476)		916,755		18,845	(283,58)	
U.S. Department of Health and Human Services:											
General Fund:											
Medicaid Cluster:											
Medical Assistance Program	93.778	N/A	7/1/23-6/30/24	30,443			30,443				
Total General Fund/Medicaid Cluster							30,443				
U.S. Department of Education:											
Passed-through State Department of Education:											
Special Revenue Fund:											
ESEA:											
Title I	84.010	ESEA-2170-24	7/1/23-9/30/24	171,418			153,368			(13,302)	
Title I	84.010	ESEA-2170-23	7/1/22-9/30/23	216,592	(36,182)		36,182				
Total Title I					(36,182)		189,550			(13,302)	
Title IIA	84.367A	ESEA-2170-24	7/1/23-9/30/24	141,370			98,064		806		
Title IIA	84.367A	ESEA-2170-23	7/1/22-9/30/23	178,522	(22,244)		33,537	\$ 775			
Total Title IIA					(22,244)		131,601	775	806		
Title III	84.365	ESEA-2170-24	7/1/23-9/30/24	61,181			10,500			(9,578)	
Title III	84.365	ESEA-2170-23	7/1/22-9/30/23	59,269	(5,710)		18,754				
Total Title III					(5,710)		29,254			(9,578)	
Special Education Cluster:											
LD E.A. Part B, Basic Regular	84.027	IDEA-2170-24	7/1/23-9/30/24	2,360,025			1,526,899			(470,225)	
LD E.A. Part B, Basic Regular	84.027	IDEA-2170-23	7/1/22-9/30/23	2,223,655	(287,740)		562,232	\$ 5,825			
LD E.A. Part B, Preschool	84.173	IDEA-2170-24	7/1/23-9/30/24	62,031			55,855			(4962)	
LD E.A. Part B, Preschool	84.173	IDEA-2170-23	7/1/22-9/30/23	62,017	(6,194)		6,194				
COVID 19 - ARP - LD E.A. Basic Regular	84.027X	IDEA-2170-22	7/1/21-9/30/23	317,306	(46,243)		46,639	(396)			
COVID 19 - ARP - LD E.A. Preschool	84.173X	IDEA-2170-22	7/1/21-9/30/23	27,075			1,392				
Total Special Education Cluster					(340,177)		2,199,211	5,825		(475,187)	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Cancellation of Prior Years' Accounts Payable/ Encumbrances	Balance at June 30, 2024		Amounts Paid to Subrecipients
					Unearned Revenue/ (Accounts Receivable)	Due to Grantor		Budgetary Expendi- tures	Budgetary Unearned Revenue	
Education Stabilization Fund:										
COVID 19 - CRRSA - Learning Acceleration	84.425D	S425D230027	3/13/20-9/30/23	\$ 33,480	\$ (8,570)	\$ 10,040	\$ (1,470)			
COVID 19 - CRRSA - Mental Health	84.425D	S425D230027	3/13/20-9/30/23	45,000		183	(183)			
COVID-19 - ARP - ESSER III	84.425U	S425U240027	3/13/20-9/30/24	1,172,482	(7,557)	518,799	(647,785)	\$ 5,248	\$ (131,295)	
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	S425U240027	3/13/20-9/30/24	597,386		238,912	(427,314)		(188,402)	
COVID-19 - ARP - Evidence Based Comprehensive Beyond the School Day	84.425U	S425U240027	3/13/20-9/30/24	40,729	(208)	10,669	(13,421)		(2,960)	
COVID-19 - ARP - NITSS Mental Health Support Staffing	84.425U	S425U240027	3/13/20-9/30/24	45,000		31,290	(31,290)		(379)	
COVID-19 - ARP - Homeless Children/Youth II	84.425U	S425U240027	3/13/20-9/30/24	7,301		69,951	(307,645)		(237,694)	
COVID-19 New Jersey High Impact Tutoring Competitive Grant	84.425C	S425V210031	10/11/23-6/30/25	307,645	(16,335)	879,844	(1,429,487)	5,248	(560,730)	
Total Education Stabilization Fund										
Total U.S. Department of Education					(420,648)	3,429,460	(4,078,651)	11,848	\$ 806	
U.S. Department of Treasury:										
Passed-through State Department of Education:										
COVID-19 ASCERS	21.027	SLFRDOEISES	7/1/23-6/30/24	1,153,605		\$ 574,382	(1,153,605)		(579,223)	
COVID-19 ASCERS	21.027	SLFRDOEISES	7/1/22-6/30/23	233,084	(116,542)	116,542				
Total U.S. Department of Treasury					(116,542)	690,924	(1,153,605)		(579,223)	
Total Special Revenue Fund					(557,190)	4,120,384	(5,232,256)	11,848	\$806	(1,638,020)
Total Federal Awards					(558,666)	\$ -0-	\$ (6,167,491)	\$ 11,848	\$ 19,651	\$ -0-
N/A - Not Available/Applicable										

N/A - Not Available/Applicable

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

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023		Due to Grantor	Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Balance June 30, 2024		Memo		
				Unearned Revenue/ (Accounts Receivable)						GAAP Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	\$ 14,923,494				\$ 13,447,693	\$ (14,923,494)				\$ (1,475,801)	\$ 14,923,494	
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	968,117				872,379	(968,117)				(95,738)	968,117	
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	4,556,312				4,105,733	(4,556,312)				(450,579)	4,556,312	
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	194,605				175,360	(194,605)				(19,245)	194,605	
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	1,254,064					(1,254,064)			\$ (1,254,064)	(1,254,064)	1,254,064	
Stabilization Aid	24-495-034-5120-114	7/1/23-6/30/24	310,456				310,456	(310,456)					310,456	
Reimbursement of Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	133,770					(133,770)			(133,770)	(133,770)	133,770	
Reimbursed TPAF Social Security	24-495-034-5094-003	7/1/23-6/30/24	4,578,919				4,350,169	(4,578,919)			(228,750)	(228,750)	4,578,919	
Additional State Aid for Hillsborough High School Auditorium Upgrade	24-495-034-5120-147	7/1/23-6/30/24	626,000				626,000	(626,000)					626,000	
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	15,810,143	\$ (1,564,602)			1,564,602						15,810,143	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	968,117	(95,807)			95,807						968,117	
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	4,582,769	(453,520)			453,520						4,582,769	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	194,605	(19,258)			19,258						194,605	
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	1,108,731	(1,108,731)			1,108,731						1,108,731	
Reimbursement of Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	84,552	(84,552)			84,552						84,552	
Reimbursed TPAF Social Security	23-495-034-5094-003	7/1/22-6/30/23	4,418,356	(219,118)			219,118						4,418,356	
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	6,051,218				6,051,218	(6,051,218)					6,051,218	
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	21,983,063				21,983,063	(21,983,063)					21,983,063	
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	250,705				250,705	(250,705)					250,705	
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	8,970				8,970	(8,970)					8,970	
Subtotal - General Fund				(3,545,588)			55,727,334	(55,839,693)			(1,616,584)	(3,657,947)	84,377,399	
Special Revenue Fund:														
NJ Nonpublic Aid:														
Textbook Aid	24-100-034-5120-064	7/1/23-6/30/24	4,047				4,047	(3,421)				\$ 626	3,421	
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	5,544				4,734					4,734	5,544	
Technology Initiative Aid	24-100-034-5120-373	7/1/23-6/30/24	3,430				3,430	(3,071)				359	3,071	
Technology Initiative Aid	23-100-034-5120-373	7/1/22-6/30/23	3,528		\$ 861				\$ (861)				2,667	
Nursing Services	24-100-034-5120-070	7/1/23-6/30/24	8,400				8,400	(6,552)				1,848	6,552	
Nursing Services	23-100-034-5120-070	7/1/22-6/30/23	9,408			1,292			(1,292)				8,116	
Security	24-100-034-5120-509	7/1/23-6/30/24	14,350				14,350	(13,583)				767	13,583	
Security	23-100-034-5120-509	7/1/22-6/30/23	17,220			865			(865)				16,355	
Auxiliary Services:														
Compensatory Education	24-100-034-5120-067	7/1/23-6/30/24	2,697				2,697	(1,259)				1,438	1,259	
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	1,087										1,087	
Handicapped Services:														
Examination & Classification	24-100-034-5120-066	7/1/23-6/30/24	3,792				3,792	(3,412)				380	3,412	
Examination & Classification	23-100-034-5120-066	7/1/22-6/30/23	4,739		2,653				(2,653)				2,086	
Corrective Speech	24-100-034-5120-066	7/1/23-6/30/24	9,486				9,486	(7,905)				1,581	7,905	
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	6,510		3,255				(3,255)				3,255	
Supplemental Instruction	24-100-034-5120-066	7/1/23-6/30/24	2,478				2,478	(1,900)				578	1,900	
Supplemental Instruction	23-100-034-5120-066	7/1/22-6/30/23	2,478		826				(826)				1,652	
Nonpublic Teacher STEM	N/A	7/1/23-6/30/24	12,563				4,240	(12,473)				(8,233)	12,563	
Nonpublic Teacher STEM	N/A	7/1/22-6/30/23	1,169				1,169	(1,169)					1,169	

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2023		Due to Grantor	Cash Received	Budgetary Expendi- tures	Repayment of Prior Years' Balances	Balance June 30, 2024		Memo	
				Unearned Revenue/ (Accounts Receivable)						GAAP Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary (Accounts Receivable)
NJ Schools Development Authority:													
Special Revenue Fund:													
School Development Authority - Emergent and Capital Maintenance Needs	N/A	7/1/23-6/30/24	\$ 175,761				\$ 175,761	\$ (175,761)			\$ 325		\$ 175,761
Climate Change Awareness Grant	23-100-034-5063-359	7/1/22-6/30/24	6,660	\$ 325									
				325	\$ 9,752		234,584	(230,506)	\$ (9,752)		\$ 325	\$ 12,311	\$ (8,233)
Subtotal - Special Revenue Fund													271,358
Capital Projects Fund:													
NJ School Development Authority: Woodfern Elementary School Roof/Restoration	N/A	3/15/24-6/30/25	\$ 407,460					(407,460)					407,460
								(407,460)					407,460
Subtotal - Capital Projects Fund													
Debt Service Fund:													
Debt Service Aid II	24-495-034-5120-075	7/1/23-6/30/24	739,212				739,212	(739,212)					739,212
							739,212	(739,212)					739,212
Subtotal - Debt Service Fund													
Enterprise Fund:													
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	31,494				29,879	(31,494)			\$ (1,615)		31,494
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	30,915	(2,126)			2,126						30,915
State School Breakfast Program	24-495-010-3350-002	7/1/23-6/30/24	956				890	(956)			(66)		956
State School Breakfast Program	23-495-010-3350-002	7/1/22-6/30/23	807	(64)			64						807
New Jersey Expanded Income Eligibility - Lunch	24-495-010-3350-006	7/1/23-6/30/24	11,307				10,661	(11,307)			(646)		11,307
New Jersey Expanded Income Eligibility - Breakfast	24-495-010-3350-006	7/1/23-6/30/24	1,283				1,193	(1,283)			(90)		1,283
Subtotal - Enterprise Fund				(2,190)			44,813	(45,040)			(2,417)		76,762
				\$ (3,547,453)	\$ 9,752		\$ 56,745,943	\$ (57,261,911)	\$ (9,752)		\$ (1,619,001)	\$ 325	\$ 85,872,191
Total State Awards Subject to Single Audit Determination													
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	6,051,218					6,051,218					
Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	21,983,063					21,983,063					
Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	250,705					250,705					
Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	8,970					8,970					
Subtotal - On-Behalf TPAF Pension System Contributions								28,293,956					
								\$ (28,967,955)					
Total State Awards Subject to Single Audit Major Program Determination													
N/A - Not Available/Applicable													

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hillsborough Township Public Schools under programs of the federal and state governments for the fiscal year ended June 30, 2024. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$91,824 for the general fund, and (\$592,152) for the special revenue fund of which (\$23,079) was related to local grants, and (\$407,460) for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 30,443	\$ 55,931,517	\$ 55,961,960
Special Revenue Fund	4,810,388	109,141	4,919,529
Debt Service Fund		739,212	739,212
Food Service Fund	904,792	45,040	949,832
Total Financial Assistance	<u>\$ 5,745,623</u>	<u>\$ 56,824,910</u>	<u>\$ 62,570,533</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

NOTE 7: NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANT

The District has been awarded a grant amount of \$407,460 which is recorded in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2024, \$0 of the grants have been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

1.) Material weakness identified?	_____ Yes	_____ X	No
2.) Significant deficiencies identified?	_____ Yes	_____ X	None reported
Noncompliance material to basic financial statements noted?	_____ Yes	_____ X	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?			
	_____ Yes	_____ X	No

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Education Stabilization Fund:					
COVID 19 - CRRSA - Leanring Acceleration	84.425D	3/13/20	9/30/23	\$ 33,480	\$ 1,470
COVID 19 - CRRSA - Mental Health	84.425D	3/13/20	9/30/23	45,000	183
COVID-19 - ARP - ESSER III	84.425U	3/13/20	9/30/24	1,172,482	647,785
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support	84.425U	3/13/20	9/30/24	597,386	427,314
COVID-19 - ARP - Evidence Based Comprehensive Beyond the School Day	84.425U	3/13/20	9/30/24	40,729	13,421
COVID-19 - ARP - NJTSS Mental Health Support Staffing	84.425U	3/13/20	9/30/24	45,000	31,290
COVID-19 - ARP - Homeless Children/Youth II	84.425U	3/13/20	9/30/24	7,301	379
New Jersey High Impact Tutoring Competitive Grant	84.425C	10/11/23	6/30/25	307,645	307,645
COVID-19 - Cornavirus State and Local Fiscal Recovery Funds: ASCERS	21.027	7/1/23	6/30/24	1,153,605	1,153,605

Dollar threshold used to distinguish between Type A and B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

1.) Material weakness identified? Yes X No

2.) Significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08? Yes X No

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Equalization Aid	24-495-034-5120-078	7/1/23	6/30/24	\$ 14,923,494	\$ 14,923,494
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	4,556,312	4,556,312
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	194,605	194,605
Additional State Aid for Hillsborough					
High School Auditorium Upgrade	24-495-034-5120-147	7/1/23	6/30/24	626,000	626,000
Extraordinary Aid	24-495-034-5094-044	7/1/23	6/30/24	1,254,064	1,254,064
Stabilization Aid	24-495-034-5100-114	7/1/23	6/30/24	310,456	310,456

Dollar threshold used to distinguish between Type A and B programs \$ 869,247

Auditee qualified as low-risk auditee? _____ Yes X No

HILLSBOROUGH TOWNSHIP PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year audit findings.