

**SCHOOL DISTRICT
OF THE
BOROUGH OF HILLSDALE**

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

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

**Annual Comprehensive
Financial Report**

of the

Borough of Hillsdale School District

Hillsdale, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2024

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors	7
ASBO International Certificate of Excellence.....	8

FINANCIAL SECTION

Independent Auditors' Report.....	10
Required Supplementary Information.....	13
Management's Discussion and Analysis	14
Basic Financial Statements (Sections A. and B.).....	23
A. District-Wide Financial Statements.....	24
A-1 Statement of Net Position	25
A-2 Statement of Activities	26
B. Fund Financial Statements	28
B-1 Balance Sheet – Governmental Funds.....	29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	31
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
B-4 Statement of Net Position – Proprietary Funds	34
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	35
B-6 Statement of Cash Flows – Proprietary Funds	36
Notes to the Basic Financial Statements	37

Required Supplementary Information

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions	75
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	75
L-2 Schedule of District Contributions – Public Employees Retirement System	76
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District - Teachers' Pension and Annuity Fund	77
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	78
L-5 Schedules of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios	79
Notes to Required Supplementary Information.....	80

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules	81
C-1 Budgetary Comparison Schedule – General Fund.....	82
C-2 Combining Budgetary Schedule – Special Revenue Fund	93
C-3 Budgetary Comparison Schedule - Note to Required Supplementary Information	94

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	95
E. Special Revenue Fund	96
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	97
E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund	101
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	102
G. Proprietary Funds	103
Enterprise Fund:	
G-1 Statement of Net Position	104
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position	105
G-3 Statement of Cash Flows	106
H. Fiduciary Activities (Not Applicable)	107
I. Long-Term Liabilities	108
I-1 Schedule of Serial Bonds.....	109
I-2 Schedule of Obligations Under Financed Purchases	110
I-3 Schedule of Obligations Under Leases (Not Applicable).....	111
I-4 Schedule of Obligations Under Subscription-Based Information Technology Arrangements (Not Applicable)	112
I-5 Debt Service Fund Budgetary Comparison Schedule.....	113

STATISTICAL SECTION

J. Statistical Schedules (Unaudited).....	114
J-1 Net Position by Component.....	115
J-2 Changes in Net Position	116
J-3 Fund Balances – Governmental Funds	118
J-4 Changes in Fund Balances – Governmental Funds	119
J-5 General Fund Other Local Revenue by Source	121
J-6 Assessed Value and Actual Value of Taxable Property	122

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

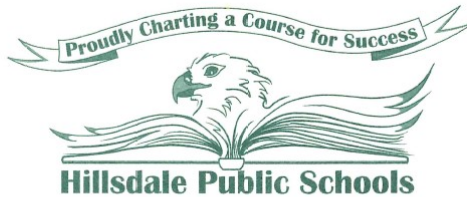
STATISTICAL SECTION (Cont'd)

J-7	Direct and Overlapping Property Tax Rates.....	123
J-8	Principal Property Taxpayers	124
J-9	Property Tax Levies and Collections.....	125
J-10	Ratios of Outstanding Debt by Type	126
J-11	Ratios of Net General Bonded Debt Outstanding.....	127
J-12	Ratios of Overlapping Governmental Activities Debt.....	128
J-13	Legal Debt Margin Information.....	129
J-14	Demographic and Economic Statistics	130
J-15	Principal Employers	131
J-16	Full-Time Equivalent District Employees by Function/Program	132
J-17	Operating Statistics.....	133
J-18	School Building Information	134
J-19	Schedule of Required Maintenance for School Facilities.....	135
J-20	Insurance Schedule	136

K. SINGLE AUDIT SECTION 137

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	138
K-2	Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance and NJOMB 15-08	140
K-3	Schedule of Expenditures of Federal Awards	143
K-4	Schedule of Expenditures of State Awards	144
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	146
K-6	Schedule of Findings and Questioned Costs	148
K-7	Summary Schedule of Prior Audit Findings.....	150

**INTRODUCTORY SECTION
(UNAUDITED)**



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

October 29, 2024

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

Dear Board Members:

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

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2023-2024 fiscal year with a daily enrollment of 1,127 students, which is an increase of 11 students from the previous year's enrollment.

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

The District's Enrollment for FY 2023 is 1127 and the District's future student enrollment is projected to continue to grow for FY 2025. A demographic study was conducted during the 2022 school year that projected a continued increase in the district's population over the next four years. This projection has held true as the district's enrollment has continued to increase. While there are many external factors that have contributed towards the increase in enrollment, Hillsdale has been an area of growth in Bergen County with its convenience for commuting workers and proximity to local amenities. Source data from the U.S. Census Bureau shows that the median household income for Bergen County at \$118,794 with a poverty rate at 7.1%. Within Hillsdale Borough the median household income at \$175,802 with a poverty rate at 3.8%.

The District's ability to operate is primarily reliant on its local tax levy and the receipt of State Aid With the expiration of ESSER grant funds, Hillsdale Public Schools is faced with reduced federal aid that supported and were critical in addressing pandemic-related learning loss, mental health support, and facility upgrades. As these resources have expired, the district is left grappling with how to sustain the programs and services provided through afforded through federal funding. The Governor's FY 2024 Budget highlights the Governor's commitment to fully fund NJ district's funding formula with \$10.75 billion in direct aid to K-12 schools, continuing the state's phase-in of the School Funding Reform Act of 2008. While the district's enrollment has been increasing and the needs of the district are evolving, the district is not anticipating any significant changes towards its State Aid allocation and continues to forecast conservatively considering the current economic conditions. In addition to the current economic concerns, there are numerous factors affecting public school finance and need to be monitored on an on-going basis, such as:

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

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

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

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

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

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

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

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

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

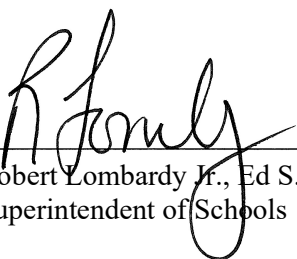
The Board is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in Note 10 to the Basic Financial Statements.

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

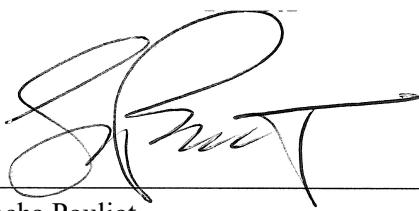
The Honorable President and Members of
the Board of Education
Borough of Hillsdale School District
Page 4
October 29, 2024

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

Respectfully submitted,



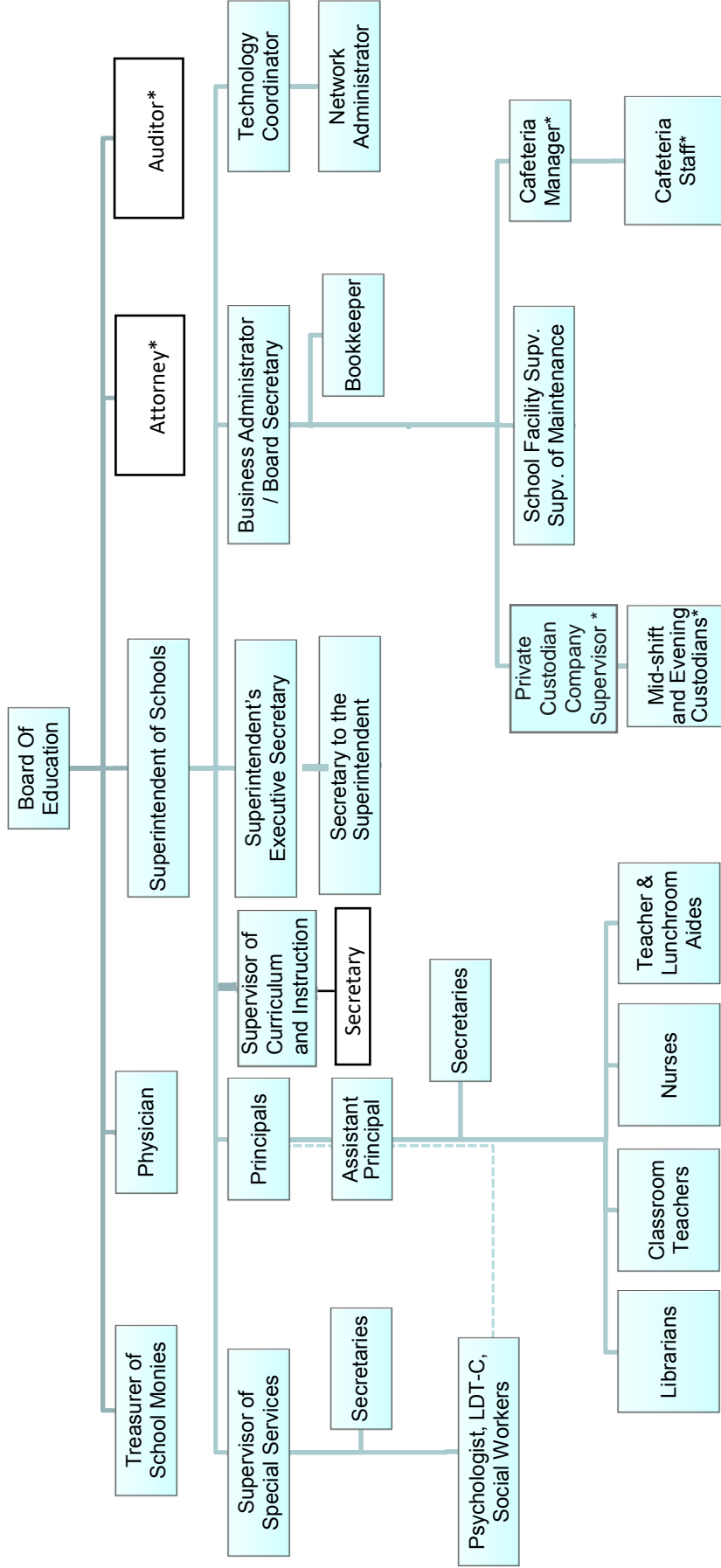
Robert Lombardy Jr., Ed S.
Superintendent of Schools



Sacha Pouliot
Business Administrator/Board Secretary

Organization Chart

File Code: 2121



* Independent Contractor

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Justin Saxon, President	2024
Christina Jennings , Vice President	2026
Salvatore Sileo	2025
Kevin Donnatello	2024
Michael Kenduck	2026

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
Consultants and Advisors

Attorney

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

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, NJ 07856-1320
And
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
And
1140 Route 22 East, Suite 203
Bridgewater, NJ 08807

Official Depositories

Capital One
Paramus Office
Paramus, NJ 07652

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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Hillsdale Board of Education

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

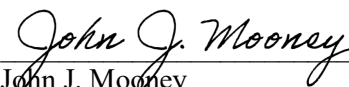
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 October 29, 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.

Mount Arlington, New Jersey
October 29, 2024


NISIVOCIA LLP


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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

Certain comparative information between the current year (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

Overview of the Financial Statements

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

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

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

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

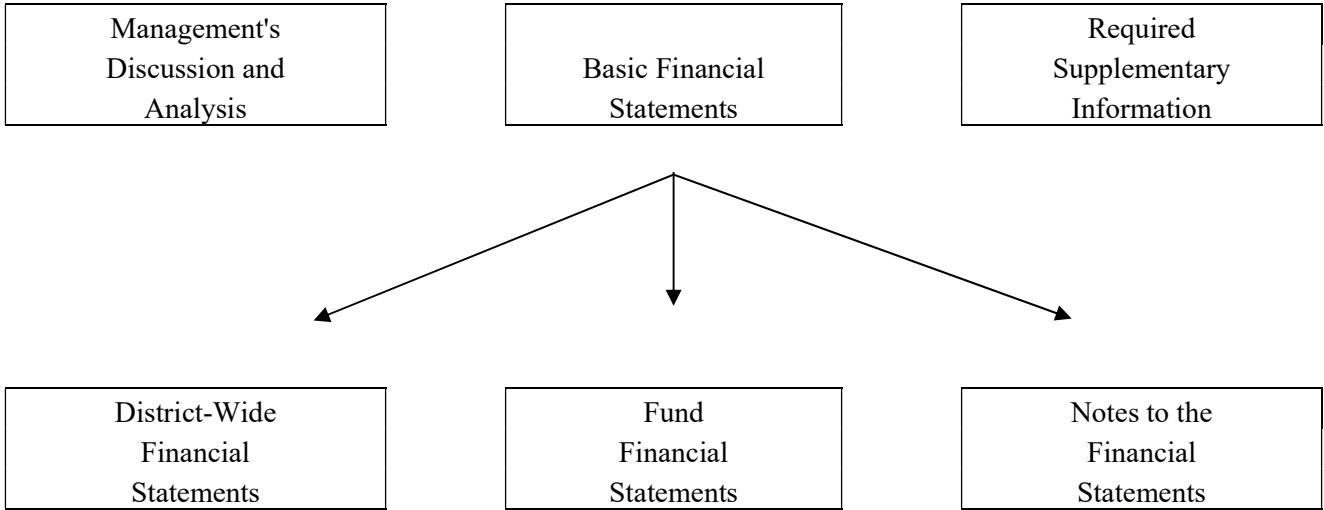


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

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

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023/24
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Current and							
Other Assets	\$ 5,234,435	\$ 6,505,424	\$ 195,129	\$ 201,657	\$ 5,429,564	\$ 6,707,081	
Capital Assets, Net	13,885,172	13,726,354	31,207	25,114	13,916,379	13,751,468	
Total Assets	19,119,607	20,231,778	226,336	226,771	19,345,943	20,458,549	-5.44%
Deferred Outflows of Resources	563,209	618,061			563,209	618,061	-8.87%
Other Liabilities	798,436	676,462	45,377	48,048	843,813	724,510	
Long-Term							
Liabilities	3,882,784	4,510,479			3,882,784	4,510,479	
Total Liabilities	4,681,220	5,186,941	45,377	48,048	4,726,597	5,234,989	-9.71%
Deferred Inflows of Resources	485,875	947,000			485,875	947,000	-48.69%
Net Position/(Deficit):							
Net Investment							
in Capital Assets	13,885,172	13,307,429	31,207	25,114	13,916,379	13,332,543	
Restricted	1,597,455	2,849,045			1,597,455	2,849,045	
Unrestricted	(966,906)	(1,440,576)	149,752	153,609	(817,154)	(1,286,967)	
Total Net Position	\$ 14,515,721	\$ 14,715,898	\$ 180,959	\$ 178,723	\$ 14,696,680	\$ 14,894,621	-1.33%

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

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2023/24
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	
Revenue:							
Program Revenue:							
Charges for Services	\$ 255,507	\$ 174,897	\$ 302,171	\$ 301,235	\$ 557,678	\$ 476,132	
Grants and Contributions:							
Operating	6,154,954	7,006,142	163,007	163,247	6,317,961	7,169,389	
General Revenue:							
Property Taxes	23,994,618	23,334,816			23,994,618	23,334,816	
Federal and State Aid Not Restricted	67,529	68,500			67,529	68,500	
Other	267,549	50,160	8,184	5,330	275,733	55,490	
Total Revenue	<u>30,740,157</u>	<u>30,634,515</u>	<u>473,362</u>	<u>469,812</u>	<u>31,213,519</u>	<u>31,104,327</u>	0.35%
Expenses:							
Instruction	17,527,076	16,825,821			17,527,076	16,825,821	
Pupil and Instruction Services	6,807,939	6,130,292			6,807,939	6,130,292	
Administrative and Business	2,459,066	2,409,503			2,459,066	2,409,503	
Maintenance and Operations	2,642,243	2,691,477			2,642,243	2,691,477	
Transportation	910,971	976,442			910,971	976,442	
Other	593,039	536,405	471,126	463,177	1,064,165	999,582	
Total Expenses	<u>30,940,334</u>	<u>29,569,940</u>	<u>471,126</u>	<u>463,177</u>	<u>31,411,460</u>	<u>30,033,117</u>	4.59%
Increase/(Decrease) in Net Position	<u>\$ (200,177)</u>	<u>\$ 1,064,575</u>	<u>\$ 2,236</u>	<u>\$ 6,635</u>	<u>\$ (197,941)</u>	<u>\$ 1,071,210</u>	-118.48%

Governmental Activities

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

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

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

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

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

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

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023/2024	2022/2023	2023/2024	2022/2023
Instruction	\$ 17,527,076	\$ 16,825,821	\$12,436,014	\$10,951,806
Pupil and Instruction Services	6,807,939	6,130,292	5,912,022	5,269,121
Administrative and Business	2,459,066	2,409,503	2,237,245	2,156,667
Maintenance and Operations	2,642,243	2,691,477	2,638,738	2,680,583
Transportation	910,971	976,442	712,815	794,353
Other	593,039	536,405	593,039	536,371
	<u>\$ 30,940,334</u>	<u>\$ 29,569,940</u>	<u>\$ 24,529,873</u>	<u>\$ 22,388,901</u>

Business-Type Activities

Net position from the District's business-type activity increased \$2,236 (Refer to Figure A-4). Factors contributing to these results included:

- Food service revenues exceeded expenses by \$2,236. This is primarily attributable to the District's increase in food and supplies costs.

Financial Analysis of the District's Funds

The District's financial position in the General Fund decreased due to significant changes in student needs, difficult economic times, and current year capital outlay projects. Expenditures during the recent year were closely monitored and the district took many proactive measures to address the rising costs of pupil transportation and related services.

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

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

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2023/2024 budget was difficult as a result of rising costs. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of fund balance.

Capital Assets and Long-term Liabilities

Figure A-6

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Land	\$ 4,748,166	\$ 4,748,166			\$ 4,748,166	\$ 4,748,166	
Land Improvements							
Buildings and Building Improvements	9,137,006	8,978,188			9,137,006	8,978,188	
Machinery and Equipment			\$ 31,207	\$ 25,114	31,207	25,114	
Total Capital Assets, Net	<u>\$ 13,885,172</u>	<u>\$ 13,726,354</u>	<u>\$ 31,207</u>	<u>\$ 25,114</u>	<u>\$ 13,916,379</u>	<u>\$ 13,751,468</u>	1.20%

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

Long-term Liabilities

At year-end, the District had \$-0- in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2023/24	2022/23	2023/24
General Obligation Bonds (Financed with Property Taxes), Net		\$ 365,000	
Obligations Under Financed Purchases		53,925	
Net Pension Liabilities	\$ 2,812,079	2,829,759	
Other Long-Term Liabilities	<u>1,070,705</u>	<u>1,261,795</u>	
	<u>\$ 3,882,784</u>	<u>\$ 4,510,479</u>	-13.92%

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

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

- The District proposed a two-question referendum proposal to renovate George White Middle School. The first question addresses the immediate needs at the middle school in the form of a renovation with a proposed project cost of \$55 million, inclusive of \$18 million in State Aid. A second question consisting of an expansion to the current footprint of George White Middle School, has an estimated cost of \$7 million.
- The District continues to deal with increasing costs and increasing state mandates.
- Employment shortages in the transportation, food service, and custodial services have led to significant cost increases absorbed by the district.
- Supply shortages and delayed supply-chain issues continue to be an issue resulting in an excess demand for goods and services.
- Mandated programs and/or initiatives that are not fully funded.
- Rising special education costs and services.
- Projected increases anticipated in student enrollment.
- Possible cuts to State Aid funding.
- Delinquent/unpaid lunch balances.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,230,028	\$ 147,449	\$ 3,377,477
Internal Balances	(37,641)	37,641	
Receivables From State Government	525,702	252	525,954
Receivables From Federal Government	618,891	3,167	622,058
Inventory		6,620	6,620
Restricted Cash and Cash Equivalents	897,455		897,455
Capital Assets, Net:			
Sites (Land)	4,748,166		4,748,166
Depreciable Land Improvements, Buildings and Building Improvements and Machinery and Equipment	9,137,006	31,207	9,168,213
Total Assets	19,119,607	226,336	19,345,943
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	333,775		333,775
District Contribution Subsequent to Measurement Date - Pensions	229,434		229,434
Total Deferred Outflows of Resources	563,209		563,209
LIABILITIES			
Current Liabilities:			
Accounts Payable	232,724	28,224	260,948
Payable to Local Government	442,739		442,739
Payable to Federal Government	3,528		3,528
Payable to State Government	27,281		27,281
Unearned Revenue	92,164	17,153	109,317
Noncurrent Liabilities:			
Due Beyond One Year	3,882,784		3,882,784
Total Liabilities	4,681,220	45,377	4,726,597
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	485,875		485,875
Total Deferred Inflows of Resources	485,875		485,875
NET POSITION			
Net Investment in Capital Assets	13,885,172	31,207	13,916,379
Restricted for:			
Capital Projects	383,791		383,791
Maintenance Reserve	356,489		356,489
Excess Surplus	700,000		700,000
Unemployment Compensation	125,667		125,667
Student Activities	31,508		31,508
Unrestricted (Deficit)	(966,906)	149,752	(817,154)
Total Net Position	\$ 14,515,721	\$ 180,959	\$ 14,696,680

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 11,791,901	\$ 45,600	\$ 2,344,049	\$ (9,402,252)	\$		\$ (9,402,252)
Special Education	4,867,098		2,495,103	(2,371,995)			(2,371,995)
Other Special Instruction	730,683			(730,683)			(730,683)
Other Instruction	137,394		206,310	68,916			68,916
Support Services:							
Tuition	1,694,285		302,247	(1,392,038)			(1,392,038)
Student & Instruction Related Services	5,113,654	142,616	451,054	(4,519,984)			(4,519,984)
General Administrative Services	625,942		2,604	(623,338)			(623,338)
School Administrative Services	1,283,376		216,989	(1,066,387)			(1,066,387)
Central Services	359,615		1,746	(357,869)			(357,869)
Administration Information Technology	190,133		482	(189,651)			(189,651)
Plant Operations and Maintenance	2,642,243		3,505	(2,638,738)			(2,638,738)
Pupil Transportation	910,971	67,291	130,865	(712,815)			(712,815)
Capital Outlay	21,633			(21,633)			(21,633)
Interest on Long-Term Debt	608			(608)			(608)
Unallocated Depreciation	570,798			(570,798)			(570,798)
Total Governmental Activities	30,940,334	255,507	6,154,954	(24,529,873)			(24,529,873)

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 471,126	\$ 302,171	\$ 163,007		\$ (5,948)	\$ (5,948)
Total Business-Type Activities	471,126	302,171	163,007		(5,948)	(5,948)
Total Primary Government	<u>\$ 31,411,460</u>	<u>\$ 557,678</u>	<u>\$ 6,317,961</u>	<u>\$ (24,529,873)</u>	<u>(5,948)</u>	<u>(24,535,821)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				23,622,318		23,622,318
Taxes Levied for Debt Service				372,300		372,300
Federal and State Aid not Restricted				67,529		67,529
Interest and Miscellaneous Income				267,549	7,607	275,156
Other Item - Adjustment					577	577
Total General Revenues				24,329,696	8,184	24,337,880
Change in Net Position				(200,177)	2,236	(197,941)
Net Position - Beginning				14,715,898	178,723	14,894,621
Net Position - Ending				<u>\$ 14,515,721</u>	<u>\$ 180,959</u>	<u>\$ 14,696,680</u>

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

FUND FINANCIAL STATEMENTS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,005,169		\$ 224,859	\$ 3,230,028
Interfund Receivables	500,218			500,218
Receivables From State Government	525,702			525,702
Receivables From Federal Government		\$ 618,891		618,891
Restricted Cash and Cash Equivalents	865,947	31,508		897,455
Total Assets	<u>\$ 4,897,036</u>	<u>\$ 650,399</u>	<u>\$ 224,859</u>	<u>\$ 5,772,294</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interest Payable				
Interfund Payable	\$ 37,641	\$ 500,218		\$ 537,859
Accounts Payable - Vendors	3,290			3,290
Payable to Federal Government		3,528		3,528
Payable to State Government		27,281		27,281
Payable to Local Government	217,880		\$ 224,859	442,739
Unearned Revenue	4,300	87,864		92,164
Total Liabilities	<u>263,111</u>	<u>618,891</u>	<u>224,859</u>	<u>1,106,861</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	383,791			383,791
Maintenance Reserve Account	356,489			356,489
Excess Surplus 2025-2026	200,000			200,000
Excess Surplus 2024-2025	500,000			500,000
Unemployment Compensation	125,667			125,667
Student Activities		31,508		31,508
Assigned:				
Encumbrances	742,955			742,955
Subsequent Year's Expenditures	1,423,455			1,423,455
Unassigned	901,568			901,568
Total Fund Balances	<u>4,633,925</u>	<u>31,508</u>		<u>4,665,433</u>
Total Liabilities and Fund Balances	<u>\$ 4,897,036</u>	<u>\$ 650,399</u>	<u>\$ 224,859</u>	<u>\$ 5,772,294</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 4,665,433
Capital Assets Used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	13,885,172
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,812,079)
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	563,209
Deferred Inflows	(485,875)
District contributions subsequent to the measurement date are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the Statement of Net Position.	(229,434)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(1,070,705)</u>
Net Position of Governmental Activities	<u><u>\$ 14,515,721</u></u>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 23,622,318			\$ 372,300	\$ 23,994,618
Tuition	45,600				45,600
Transportation Fees	67,291				67,291
Interest on Maintenance Reserve	10,215				10,215
Interest on Capital Reserve	42,256				42,256
Restricted Miscellaneous Revenue		\$ 142,616			142,616
Unrestricted Miscellaneous Revenue	116,856	97,865	\$ 357		215,078
Total - Local Sources	23,904,536	240,481	357	372,300	24,517,674
State Sources	8,238,300	233,171			8,471,471
Federal Sources		626,970			626,970
Total Revenues	32,142,836	1,100,622	357	372,300	33,616,115
EXPENDITURES					
Current:					
Regular Instruction	7,830,600	454,064			8,284,664
Special Education Instruction	3,199,305	112,851			3,312,156
Other Special Instruction	491,590				491,590
Other Instruction	94,309				94,309
Support Services and Undistributed Costs:					
Tuition	1,392,038	302,247			1,694,285
Student & Instruction Related Services	3,950,110	134,282			4,084,392
General Administrative Services	546,795				546,795
School Administrative Services	875,409				875,409
Central Services	277,840				277,840
Administration Information Technology	135,265				135,265
Plant Operations and Maintenance	2,532,986				2,532,986
Pupil Transportation	896,849				896,849
Unallocated Benefits	10,477,222				10,477,222

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
EXPENDITURES					
Debt Service:					
Principal				\$ 365,000	\$ 365,000
Interest and Other Charges				7,300	7,300
Capital Outlay	\$ 800,127	\$ 88,844			888,971
Total Expenditures	33,500,445	1,092,288		372,300	34,965,033
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,357,609)	8,334	\$ 357		(1,348,918)
OTHER FINANCING SOURCES/(USES)					
Transfers In	357				357
Transfers Out			(357)		(357)
Total Other Financing Sources/(Uses)	357		(357)		
Net Change in Fund Balances	(1,357,252)	8,334			(1,348,918)
Fund Balance—July 1	5,991,177	23,174			6,014,351
Fund Balance—June 30	\$ 4,633,925	\$ 31,508	\$ -0-	\$ -0-	\$ 4,665,433

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

\$ (1,348,918)

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

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

Depreciation expense	\$ (708,520)
Capital outlays	867,338
	158,818

The net pension liability reported in the statement of activities does not require the use of current financial resources

and is not reported as an expenditure in the Governmental Funds:

Changes in Net Pension Liability

Change in Deferred Outflows

Change in Deferred Inflows

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

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

Repayment of financed purchases is an expenditure in the Governmental Funds, but the repayment reduces

Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement

53,925

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Change in Net Position of Governmental Activities

\$ (200,177)

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 147,449
Accounts Receivable:	
Federal	3,167
State	252
Interfund Receivable - General Fund	37,641
Inventories	6,620
	<hr/>
Total Current Assets	195,129
	<hr/>

Non- Current Assets:

Capital Assets:

Capital Assets	136,378
Less: Accumulated Depreciation	(105,171)
	<hr/>

Total Non- Current Assets	31,207
	<hr/>

Total Assets	226,336
	<hr/>

LIABILITIES:

Current Liabilities:

Accounts Payable-Vendors	28,224
Unearned Revenue - Donated Commodities	1,774
Unearned Revenue - Prepaid Sales	15,379
	<hr/>

Total Current Liabilities	45,377
	<hr/>

Total Liabilities	45,377
	<hr/>

NET POSITION:

Investment in Capital Assets	31,207
Unrestricted	149,752
	<hr/>

Total Net Position	\$ 180,959
	<hr/>

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:

Charges for Services:

Daily Sales:

Reimbursable Programs	\$ 244,368
Non Reimbursable Programs	<u>57,803</u>

Total Operating Revenue

302,171

Operating Expenses:

Cost of Sales - Reimbursable Programs	150,616
Cost of Sales - Non Reimbursable Programs	35,627
Salaries, Benefits and Payroll Taxes	252,483
Purchased Property Services	13,353
Supplies and Materials	14,737
Depreciation Expense	<u>4,310</u>

Total Operating Expenses

471,126

Operating (Loss)

(168,955)

Non-Operating Revenue:

Federal Sources:

National School Lunch Program	62,488
Local Food for Schools Cooperative Agreement Program	1,246
Food Distribution Program	32,816
Supply Chain Assistance	60,160
Covid 19 - Pandemic EBT Program	653

State Sources:

State School Lunch Program	5,055
State School Lunch Program - NJEIE	589

Local Sources:

Interest Revenue	<u>7,607</u>
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Total Non-Operating Revenue

170,614

Change in Net Position Before Other Item

1,659

Adjustment

577

Change in Net Position After Other Item

2,236

Net Position - Beginning of Year

178,723

Net Position - End of Year

\$ 180,959

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 300,409
Payments to Food Service Vendor	(341,765)
Payments to Salaries - District Employee	(60,000)
Payments to Suppliers	(4,169)
	<hr/>
Net Cash (Used for) Operating Activities	(105,525)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(10,403)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(10,403)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	7,607
	<hr/>
Net Cash Provided by Investing Activities	7,607
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	64,084
Local Food for Schools	1,246
Supply Chain Assistance	29,831
State Sources	
State School Lunch Program	5,096
State School Lunch Program - NJEIE	589
	<hr/>
Net Cash Provided by Noncapital Financing Activities	100,846
	<hr/>
Net (Decrease) in Cash and Cash Equivalents	(7,475)
	<hr/>
Cash and Cash Equivalents, July 1	154,924
	<hr/>
Cash and Cash Equivalents, June 30	\$ 147,449
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (168,955)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	32,816
Changes in Assets and Liabilities:	
Decrease in Inventories	1,706
Increase in Accounts Payable	28,224
(Decrease) in Unearned Revenue - Donated Commodities	(1,861)
(Decrease) in Unearned Revenue- Prepaid Sales	(1,765)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (105,525)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$30,955 and utilized commodities valued at \$32,816 for the fiscal year ended June 30, 2024.

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

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

A. Reporting Entity:

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 32,160,364	\$ 1,112,538
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that		
Encumbrances are Recognized as Expenditures, and Revenue		
on the budgetary basis but not on the GAAP basis:		
Prior Year Encumbrances		32,742
Current Year Encumbrances		(44,658)
Prior Year State Aid Payments Recognized for GAAP Statements,		
not Recognized for Budgetary Purposes	103,435	
Current Year State Aid Payments Recognized for Budgetary Purposes,		
not Recognized for GAAP Statements	<u>(120,963)</u>	
Total Revenues as Reported on the Statement of Revenues,		
Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 32,142,836</u>	<u>\$ 1,100,622</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the		
Budgetary Comparison Schedule	\$ 33,500,445	\$ 1,104,204
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but		
Not Received are Reported in the Year the Order is Placed for		
Budgetary Purposes, but in the Year the Supplies are Received		
for Financial Reporting Purposes.		
Prior Year Encumbrances		32,742
Current Year Encumbrances		(44,658)
Total Expenditures as Reported on the Statement of Revenues,		
Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,500,445</u>	<u>\$ 1,092,288</u>

E. Cash and Cash Equivalents and Investments:

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2024.

K. Capital Assets:

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

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

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

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

L. Lease Assets

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

M. Subscription Assets

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

N. Long Term Liabilities:

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

O. Accrued Salaries and Wages:

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

Q. Lease Payable

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

R. Subscription Payable

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

S. Unearned Revenue:

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

T. Fund Balance Appropriated:

General Fund: Of the \$4,633,925 General Fund fund balance at June 30, 2024, \$742,955 is assigned for encumbrances; \$383,791 is restricted in the capital reserve account; \$356,489 is restricted in the maintenance reserve account; \$125,667 is restricted for unemployment compensation; \$500,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2025; \$200,000 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026; \$1,423,455 is assigned for subsequent year's expenditures and is included as anticipated revenue for the fiscal year ended June 30, 2025; and \$901,568 is unassigned which is \$120,963 less than calculated unassigned fund balance on a budgetary basis, due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2025.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

Special Revenue Fund: The Special Revenue Fund fund balance at June 30, 2024 is \$31,508 and is restricted for student activities.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus of \$700,000 at June 30, 2024.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$120,963 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record those payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the two final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Fund Balance Restrictions, Commitments and Assignments:

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2024.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

V. Deficit Net Position

The District has a deficit in unrestricted net position of \$966,906 in its governmental activities, which is primarily due to compensated absences payable, accrued interest payable, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

W. Net Position:

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

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

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

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

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

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

X. Revenue - Exchange and Nonexchange Transactions:

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Y. Operating Revenue and Expenses:

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

Z. Management Estimates:

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

AA. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Deposits:

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

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

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

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

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

Investments

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

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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)

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

	Unrestricted	Restricted Cash and Cash Equivalents				Total
		Capital Reserve	Maintenance Reserve	Unemployment Insurance	Student Activities	
Checking Accounts	\$ 3,361,143	\$ 383,791	\$ 356,489	\$ 125,667	\$ 26,053	\$ 4,253,143
State of New Jersey						
Cash Management Fund	16,334				5,455	21,789
	<u>\$ 3,377,477</u>	<u>\$ 383,791</u>	<u>\$ 356,489</u>	<u>\$ 125,667</u>	<u>\$ 31,508</u>	<u>\$ 4,274,932</u>

During the period ended June 30, 2024, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2024 was \$4,274,932 and the bank balance was \$5,502,490. The District holds \$21,789 in the State of New Jersey Cash Management Fund which is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP. The activity of the capital reserve for the fiscal year ending June 30, 2024 is as follows:

Beginning Balance, July 1, 2023	\$ 1,099,611
Add:	
Increase per Board Resolution - June 2024	\$ 181,063
Return of Unexpended Funds	99,019
Interest Earnings	42,256
	<u>322,338</u>
	1,421,949
Less:	
Budgeted Withdrawal	655,858
Withdrawal by Board Resolution	382,300
	<u>1,038,158</u>
Ending Balance, June 30, 2024	<u>\$ 383,791</u>

The June 30, 2024 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District authorized a withdrawal of \$382,300 to the capital outlay accounts from capital reserve which did not require county superintendent approval.

NOTE 6. 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:				
Sites (Land)	\$ 4,748,166			\$ 4,748,166
Total Capital Assets Not Being Depreciated	4,748,166			4,748,166
Capital Assets Being Depreciated:				
Land Improvements	27,482			27,482
Buildings and Building Improvements	22,002,053	\$ 867,338		22,869,391
Machinery and Equipment	4,069,180			4,069,180
Total Capital Assets Being Depreciated	26,098,715	867,338		26,966,053
Governmental Activities Capital Assets	30,846,881	867,338		31,714,219
Less Accumulated Depreciation for:				
Land Improvements	(27,482)			(27,482)
Buildings and Building Improvements	(13,023,865)	(708,520)		(13,732,385)
Machinery and Equipment	(4,069,180)			(4,069,180)
	(17,120,527)	(708,520)		(17,829,047)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 13,726,354	\$ 158,818	\$ -0-	\$ 13,885,172
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 125,975	\$ 10,403		\$ 136,378
Less Accumulated Depreciation	(100,861)	(4,310)		(105,171)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 25,114	\$ 6,093	\$ - 0 -	\$ 31,207

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 21,143
Central Services	48,401
Plant Operations and Maintenance	54,056
Pupil Transportation	14,122
Unallocated	570,798
	<u>\$ 708,520</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 7. LONG-TERM LIABILITIES

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

	Balance 6/30/2023	Added	Retired	Balance 6/30/2024
Serial Bonds Payable	\$ 365,000		\$ 365,000	
Compensated Absences Payable	1,261,795		191,090	\$ 1,070,705
Net Pension Liability	2,829,759		17,680	2,812,079
Financed Purchases Payable	53,925		53,925	
	<u>\$ 4,510,479</u>	<u>\$ -0-</u>	<u>\$ 627,695</u>	<u>\$ 3,882,784</u>

A. Bonds Payable:

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

As of June 30, 2024, the District had no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the District had no bonds authorized but not issued.

C. Financed Purchases Payable:

As of June 30, 2024, the District had no financed purchases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities. The long-term portion of compensated absences is \$1,070,705. The current portion of this liability is \$-0-.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2024, no liability existed for compensated absences in the Food Service Fund.

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

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2024 is \$-0- and the long-term portion is \$2,812,079. See Note 9 for further information on the PERS.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2023	\$ 346,274
Add: Interest Earnings	<u>10,215</u>
Ending Balance, June 30, 2023	<u><u>\$ 356,489</u></u>

NOTE 9. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

<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 \$259,482 for the current fiscal year. During the fiscal year ended June 30, 2024, the State of New Jersey Contributed \$8,770 to the PERS for normal pension benefits on behalf of the District.

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. 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's liability was \$2,812,079 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 0.01941%, which was an increase of 0.00066% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the District recognized an actual pension benefit in the amount of \$113,733 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 \$8,770 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. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2019	5.21		\$ 15,275
	2020	5.16		138,989
	2021	5.13	\$ 6,178	
	2022	5.04		16,160
			<u>6,178</u>	<u>170,424</u>
Changes in Proportion	2019	5.21		13,656
	2020	5.16	53,612	
	2021	5.13		290,300
	2022	5.04	145,301	
	2023	5.08	88,847	
			<u>287,760</u>	<u>303,956</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	43,549	
	2021	5.00	(362,172)	
	2022	5.00	430,897	
	2023	5.00	(99,324)	
			<u>12,950</u>	<u>-0-</u>
Difference Between Expected and Actual Experience	2019	5.21	1,167	
	2020	5.16	7,744	
	2021	5.13		4,913
	2022	5.04		6,582
	2023	5.08	17,976	
			<u>26,887</u>	<u>11,495</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	229,434	
			<u>\$ 563,209</u>	<u>\$ 485,875</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2024	\$ (59,620)
2025	(15,798)
2026	161,098
2027	2,795
2028	2,095
	<u>\$ 90,571</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 – 6.55% based on years of service
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 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 PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market 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 in determining the net pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 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	\$ 3,654,675	\$ 2,812,079	\$ 2,086,310

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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 \$4,255,519 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,253,469.

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

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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$51,022,276. 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 0.09998%, which was an increase of 0.00052% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>51,022,276</u>
Total	<u>\$ 51,022,276</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,253,469 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	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	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>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	56,606,524
	<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.

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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 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	\$ 60,164,522	\$ 51,022,276	\$ 43,322,332

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 \$33,565 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$44,742 for the fiscal year ended June 30, 2024.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

The June 30, 2024 audit was not available as of the date of this report; however, selected, summarized financial information for the Group as of June 30, 2023 is as follows:

Total Assets	\$ 30,245,133
Net Position	\$ 16,838,401
Total Revenue	\$ 20,311,936
Total Expenses	\$ 19,045,050
Change in Net Position	\$ 1,266,886
Member Dividends	\$ 2,042,318

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$ 4,280	\$ 23,469	\$ 32,068	\$ 125,667
2022-2023	106	26,929	18,751	129,986
2021-2022	206	22,443	-0-	121,702

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable
Lincoln Investment Planning, Inc.

MetLife

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2024, the interfund receivables and payables were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 500,218	\$ 37,641
Special Revenue Fund		500,218
Food Service Fund	37,641	
	<u>\$ 537,859</u>	<u>\$ 537,859</u>

The interfund receivable in the General Fund represents the negative cash balance in the Special Revenue Fund because of the grant receivables. The interfund receivable in the Food Service Fund is due from the General Fund for a prior year interfund.

NOTE 14. TAX CALENDAR

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business, including claims regarding employment matters. The Board is currently involved in defending a lawsuit brought against it. The case is in discovery, and it cannot be determined at this point what the ultimate outcome of this lawsuit may be. The litigant has filed the lawsuit with a request of a \$15,000,000 settlement. The District is still in the process of identifying insurance coverage, and while there is insurance for this matter, the coverage amounts are currently unsettled. There is a potential for the exposure to the District to be above the coverage amount, but the amount of the exposure is not known.

Grant Programs

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2024, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue Fund	Total
\$ 742,955	\$ 44,658	\$ 787,613

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$44,658 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. ACCOUNTS PAYABLE

	General Fund	Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business-Type Activities Proprietary Funds
Payroll Deductions and Withholdings	\$ 3,290	\$ 3,290		\$ 3,290	\$ 28,224
Due to State of New Jersey			\$ 229,434	229,434	
	<u>\$ 3,290</u>	<u>\$ 3,290</u>	<u>\$ 229,434</u>	<u>\$ 232,724</u>	<u>\$ 28,224</u>

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

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

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

Employees Covered by Benefit Terms

At June 30, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 15.25%
	based on years of service	based on years of service	based on service years

The actuarial assumptions used in the July 1, 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 43,769,448
Changes for Year:	
Service Cost	1,854,397
Interest on the Total OPEB Liability	1,574,403
Changes of Assumptions	90,104
Differences between Expected and Actual Experience	(1,397,927)
Gross Benefit Payments by the State	(1,227,272)
Contributions from Members	40,346
	<u>934,051</u>
Net Changes	<u>934,051</u>
Balance at June 30, 2023	<u>\$ 44,703,499</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	\$ 52,407,178	\$ 44,703,499	\$ 38,518,339

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:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 37,110,796	\$ 44,703,499	\$ 54,638,570

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

For the fiscal year ended June 30, 2024 the District recognized OPEB expense of \$1,297,497 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		\$ 1,610,837
	2018	9.51		1,667,360
	2019	9.29	\$ 245,295	
	2020	9.24	5,997,051	
	2021	9.24	34,133	
	2022	9.13		9,058,372
	2023	9.30	80,415	
			<u>6,356,894</u>	<u>12,336,569</u>
Differences between Expected and Actual Experience	2018	9.51		1,576,174
	2019	9.29		2,887,134
	2020	9.24	5,589,487	
	2021	9.24		6,564,118
	2022	9.13	932,882	
	2023	9.30		747,029
			<u>6,522,369</u>	<u>11,774,455</u>
Changes in Proportion	N/A	N/A	1,416,629	1,146,984
			<u>\$ 14,295,892</u>	<u>\$ 25,258,008</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

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

Fiscal Year Ending June 30,	Total
2024	\$ (2,229,320)
2025	(2,229,320)
2026	(1,937,594)
2027	(1,142,332)
2028	(233,822)
Thereafter	(3,459,374)
	<u>\$ (11,231,761)</u>

NOTE 18. TAX ABATEMENT

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

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

The Borough of Hillsdale recognized revenue in the amount of \$45,114 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2023 without the abatements would have been \$323,941 of which \$147,199 would have been for the local school tax.

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0239039844%	0.0227512812%	0.0216707671%	0.0211212690%
District's proportionate share of the net pension liability	\$ 4,475,480	\$ 5,107,207	\$ 6,418,260	\$ 4,916,694
District's covered employee payroll	1,548,981	1,470,730	1,459,526	1,416,700
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	288.93%	347.26%	439.75%	347.05%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%
	Fiscal Year Ending June 30,			
	2020	2021	2022	2023
District's proportion of the net pension liability	0.0196309173%	0.0206901678%	0.0174843449%	0.0187508323%
District's proportionate share of the net pension liability	\$ 3,537,193	\$ 3,374,025	\$ 2,071,283	\$ 2,829,759
District's covered employee payroll	1,415,038	1,286,292	1,340,959	1,302,011
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	249.97%	262.31%	154.46%	217.34%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	58.32%	70.33%	62.91%
				65.23%

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
Contractually required contribution	\$ 197,061	\$ 195,600	\$ 192,520	\$ 195,666	\$ 210,517
Contributions in relation to the contractually required contribution	(197,061)	(195,600)	(192,520)	(195,666)	(210,517)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,470,730	\$ 1,459,526	\$ 1,416,700	\$ 1,327,147	\$ 1,415,038
Contributions as a percentage of covered employee payroll	13.40%	13.40%	13.59%	14.74%	14.88%
Fiscal Year Ending June 30,					
	2020	2021	2022	2023	2024
Contractually required contribution	\$ 191,387	\$ 226,299	\$ 204,762	\$ 236,283	\$ 259,482
Contributions in relation to the contractually required contribution	(191,387)	(226,299)	(204,762)	(236,283)	(259,482)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,286,292	\$ 1,340,959	\$ 1,302,011	\$ 1,424,032	\$ 1,323,008
Contributions as a percentage of covered employee payroll	14.88%	16.88%	15.73%	16.59%	19.61%

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0923353276%	0.0955417453%	0.0938492496%	0.0923812404%	0.0982914300%
State's proportionate share of the net pension liability attributable to the District	\$ 49,350,227	\$ 60,386,505	\$ 73,827,795	\$ 62,286,763	\$ 62,530,896
District's covered employee payroll	9,479,403	9,120,841	10,006,102	10,173,543	10,455,949
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	520.60%	662.07%	737.83%	612.24%	598.04%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
State's proportion of the net pension liability attributable to the District	0.0962827868%	0.0993129191%	0.1017792184%	0.0994605128%	0.0999796342%
State's proportionate share of the net pension liability attributable to the District	\$ 59,089,655	\$ 65,396,362	\$ 48,930,551	\$ 51,316,071	\$ 51,022,276
District's covered employee payroll	11,075,519	11,299,281	11,535,618	11,902,849	12,126,337
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	533.52%	578.77%	424.17%	431.12%	420.76%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	24.60%	35.52%	32.29%	34.68%

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
Contractually required contribution	\$ 2,655,506	\$ 3,687,140	\$ 5,547,132	\$ 4,314,912	\$ 3,645,333
Contributions in relation to the contractually required contribution	<u>(516,534)</u>	<u>(751,394)</u>	<u>(1,002,774)</u>	<u>(1,447,486)</u>	<u>(1,893,650)</u>
Contribution deficiency/(excess)	<u>\$ 2,138,972</u>	<u>\$ 2,935,746</u>	<u>\$ 4,544,358</u>	<u>\$ 2,867,426</u>	<u>\$ 1,751,683</u>
District's covered employee payroll	\$ 9,120,841	\$ 10,006,102	\$ 10,173,543	\$ 10,455,949	\$ 11,075,519
Contributions as a percentage of covered employee payroll	5.66%	7.51%	9.86%	13.84%	17.10%
	Fiscal Year Ending June 30,				
	2020	2021	2022	2023	2024
Contractually required contribution	\$ 3,485,266	\$ 4,066,624	\$ 1,151,357	\$ 1,381,059	\$ 1,253,469
Contributions in relation to the contractually required contribution	<u>(2,178,312)</u>	<u>(2,958,599)</u>	<u>(4,094,447)</u>	<u>(4,087,227)</u>	<u>(4,255,519)</u>
Contribution deficiency/(excess)	<u>\$ 1,306,954</u>	<u>\$ 1,108,025</u>	<u>\$ (2,943,090)</u>	<u>\$ (2,706,168)</u>	<u>\$ (3,002,050)</u>
District's covered employee payroll	\$ 11,299,281	\$ 11,535,618	\$ 11,902,849	\$ 12,126,337	\$ 12,835,625
Contributions as a percentage of covered employee payroll	19.28%	25.65%	34.40%	33.71%	33.15%

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

	Fiscal Year Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 2,063,932	\$ 1,717,083	\$ 1,490,524	\$ 1,556,839	\$ 2,828,862	\$ 2,376,343	\$ 1,854,397
Interest Cost	1,425,552	1,654,621	1,553,593	1,268,999	1,330,812	1,159,939	1,574,403
Changes of Benefit Terms					(54,604)		
Changes in Assumptions	(5,936,854)	(4,495,312)	524,689	10,694,125	50,613	(11,741,547)	90,104
Differences between Expected and Actual Experience		(3,694,553)	(6,503,536)	10,822,988	(10,384,817)	1,785,419	(1,397,927)
Member Contributions	38,382	36,202	32,021	30,892	34,022	36,859	40,346
Gross Benefit Payments	(1,042,355)	(1,047,475)	(1,080,234)	(1,019,217)	(1,048,307)	(1,148,954)	(1,227,272)
Net Change in Total OPEB Liability	(3,451,343)	(5,829,434)	(3,982,943)	23,354,626	(7,243,419)	(7,531,941)	934,051
Total OPEB Liability - Beginning	48,453,902	45,002,559	39,173,125	35,190,182	58,544,808	51,301,389	43,769,448
Total OPEB Liability - Ending	<u>\$ 45,002,559</u>	<u>\$ 39,173,125</u>	<u>\$ 35,190,182</u>	<u>\$ 58,544,808</u>	<u>\$ 51,301,389</u>	<u>\$ 43,769,448</u>	<u>\$ 44,703,499</u>
State's Covered Employee Payroll *	\$ 11,783,096	\$ 12,490,557	\$ 12,585,572	\$ 12,876,577	\$ 13,204,860	\$ 13,550,369	\$ 14,158,633
Total OPEB Liability as a Percentage of Covered Employee Payroll	382%	314%	280%	455%	389%	323%	316%

* - Covered payroll for the fiscal years ending June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, June 30, 2022 and June 30, 2023 are based on the payroll on the June 30, 2016, June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021 and June 30, 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.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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 initially -1.99% in fiscal year 2023, increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 23,622,318		\$ 23,622,318	\$ 23,622,318	
Tuition From Individuals	36,000		36,000	45,600	\$ 9,600
Transportation Fees From Individuals	40,000		40,000	67,291	27,291
Unrestricted Miscellaneous Revenues	40,000		40,000	116,856	76,856
Interest Earned on Maintenance Reserve				10,215	10,215
Interest Earned on Capital Reserve Funds				42,256	42,256
Total Revenues from Local Sources	23,738,318		23,738,318	23,904,536	166,218
Revenues from State Sources:					
Categorical Transportation Aid	126,575		126,575	126,575	
Extraordinary Aid				475,923	475,923
Categorical Special Education Aid	1,183,549		1,183,549	1,183,549	
Equalization Aid	11,741		11,741	11,741	
Categorical Security Aid	55,927		55,927	55,927	
Non Public Transportation Aid				4,550	4,550
TPAF Post Retirement Contributions (Non-Budgeted)				1,171,405	1,171,405
TPAF Pension Contributions (Non-Budgeted)				4,255,519	4,255,519
TPAF Non-Contributory Insurance (Non-Budgeted)				48,532	48,532
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,428	1,428
Reimbursed TPAF Social Security Contributions				920,679	920,679
Total Revenues from State Sources	1,377,792		1,377,792	8,255,828	6,878,036
TOTAL REVENUE	25,116,110		25,116,110	32,160,364	7,044,254

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 633,096	\$ (26,766)	\$ 606,330	\$ 605,881	\$ 449
Grades 1-5 - Salaries of Teachers	3,651,442	407,575	4,059,017	4,059,014	3
Grades 6-8 - Salaries of Teachers	3,129,893	(227,559)	2,902,334	2,902,333	1
Regular Programs - Home Instruction:					
Salaries of Teachers	14,000	(2,000)	12,000	11,775	225
Purchased Professional-Educational Services	2,000	(668)	1,332		1,332
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	358,471	(348,334)	10,137	1,645	8,492
Purchased Professional-Educational Services	5,600	(3,275)	2,325	2,025	300
Other Purchased Services (400-500 series)	17,125	(300)	16,825	12,772	4,053
General Supplies	175,257	5,585	180,842	170,887	9,955
Textbooks	42,600	30,000	72,600	46,005	26,595
Other Objects	22,000		22,000	18,263	3,737
Total Regular Programs - Instruction	8,051,484	(165,742)	7,885,742	7,830,600	55,142
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	286,510	(51,894)	234,616	233,999	617
Other Salaries for Instruction	281,799	269,601	551,400	549,861	1,539
General Supplies	3,500	(2,306)	1,194	1,194	
Total Learning and/or Language Disabilities	571,809	215,401	787,210	785,054	2,156
Resource Room/Resource Center:					
Salaries of Teachers	2,320,782	(294,898)	2,025,884	2,017,706	8,178
General Supplies	1,800	(1,350)	450	448	2
Total Resource Room/Resource Center	2,322,582	(296,248)	2,026,334	2,018,154	8,180

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 159,036	\$ 29,098	\$ 188,134	\$ 188,134	
Other Salaries for Instruction	194,324	15,701	210,025	207,342	\$ 2,683
General Supplies	4,500	(3,879)	621	621	
Total Preschool Disabilities - Part-Time	357,860	40,920	398,780	396,097	2,683
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,252,251	(39,927)	3,212,324	3,199,305	13,019
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	202,939	85,351	288,290	288,288	2
General Supplies	500	(500)			
Total Basic Skills/Remedial - Instruction	203,439	84,851	288,290	288,288	2
Bilingual Education - Instruction:					
Salaries of Teachers	120,380	82,923	203,303	203,302	1
General Supplies	600	(600)			
Total Bilingual Education - Instruction	120,980	82,323	203,303	203,302	1
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	49,737	(4,191)	45,546	42,716	2,830
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	49,737	(4,191)	45,546	42,716	2,830
School-Sponsored Athletics - Instruction:					
Salaries	39,848	(9,083)	30,765	30,765	
Purchased Services (300-500 series)	6,000		6,000	4,281	1,719
Supplies and Materials	1,500		1,500	1,441	59
Total School-Sponsored Athletics - Instruction	47,348	(9,083)	38,265	36,487	1,778
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Reading Specialists		22,262	22,262		22,262
Total Other Supplemental/At Risk Programs - Instruction		22,262	22,262		22,262

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Community Services Programs/Operations:					
Salaries	\$ 10,000	\$ 5,107	\$ 15,107	\$ 15,106	\$ 1
Total Community Services Programs/Operations	10,000	5,107	15,107	15,106	1
TOTAL INSTRUCTION	11,735,239	(24,400)	11,710,839	11,615,804	95,035
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	20,000	(20,000)			
Tuition to Other LEAs Within the State-Special	1,357,695	(426,196)	931,499	901,336	30,163
Tuition to County Voc. School Dist.-Special	133,920	(74,724)	59,196	23,989	35,207
Tuition to CSSD & Reg. Day Schools		146,520	146,520	146,520	
Tuition to Priv. Sch. for the Handicap. W/I State	334,595	-	334,595	320,193	14,402
Total Undistributed Expenditures - Instruction	1,846,210	(374,400)	1,471,810	1,392,038	79,772
Undistributed Expend. - Attend. & Social Work:					
Salaries	25,608	6,557	32,165	32,164	1
Purchased Professional and Technical Services	9,700	1,581	11,281	11,280	1
Total Undist. Expend. - Attendance and Social Work	35,308	8,138	43,446	43,444	2
Undistributed Expenditures - Health Services:					
Salaries	283,455	(30,909)	252,546	240,705	11,841
Purchased Professional and Technical Services	65,290	(37,197)	28,093	24,595	3,498
Supplies and Materials	13,900	(395)	13,505	7,090	6,415
Total Undist. Expenditures - Health Services	362,645	(68,501)	294,144	272,390	21,754
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	512,580	(112,308)	400,272	399,578	694
Purchased Professional - Educational Services	68,500	(56,175)	12,325	12,325	
Supplies and Materials	1,000		1,000	47	953
Total Undist. Expend. - Speech, OT, PT, Related Svcs	582,080	(168,483)	413,597	411,950	1,647

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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. - Other Supp. Serv. Students - Extra. Serv.:					
Purchased Professional - Educational Services	\$ 253,825	\$ 183,400	\$ 437,225	\$ 371,768	\$ 65,457
Total Undist. Expend. - Other Supp. Servs. Students - Extra. Serv.	<u>253,825</u>	<u>183,400</u>	<u>437,225</u>	<u>371,768</u>	<u>65,457</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	383,283	16,444	399,727	395,740	3,987
Salaries of Secretarial and Clerical Assistants	75,542	1,280	76,822	76,820	2
Total Undist. Expend. - Guidance	<u>458,825</u>	<u>17,724</u>	<u>476,549</u>	<u>472,560</u>	<u>3,989</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	459,153	192,164	651,317	649,924	1,393
Salaries of Secretarial and Clerical Assistants	113,799		113,799	113,412	387
Purchased Professional - Educational Services	437,313	(23,150)	414,163	135,511	278,652
Other Purchased Prof. and Tech. Services	245,630	32,400	278,030	246,673	31,357
Supplies and Materials	8,250	(2,000)	6,250	4,312	1,938
Other Objects	6,150	(500)	5,650	4,797	853
Total Undist. Expend. - Child Study Team	<u>1,270,295</u>	<u>198,914</u>	<u>1,469,209</u>	<u>1,154,629</u>	<u>314,580</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	124,812	(35,252)	89,560	88,926	634
Salaries of Secretarial and Clerical Assistants	61,668		61,668	61,656	12
Other Purchased Services (400-500 series)	40,000	4,837	44,837	44,836	1
Supplies and Materials	5,000	(300)	4,700	1,513	3,187
Total Undist. Expend. - Improv. of Inst. Serv.	<u>231,480</u>	<u>(30,715)</u>	<u>200,765</u>	<u>196,931</u>	<u>3,834</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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.-Edu. Media Serv./Sch. Library:					
Salaries	\$ 254,961	\$ 23,632	\$ 278,593	\$ 278,586	\$ 7
Salaries of Technology Coordinators	113,534	700	114,234	113,960	274
Purchased Professional and Technical Services	10,375	1,300	11,675	6,482	5,193
Other Purchased Services (400-500 series)	4,000		4,000	1,639	2,361
Supplies and Materials	6,400	4,000	10,400	8,696	1,704
Other Objects	751,757	(60,741)	691,016	595,905	95,111
Total Undist Expend-Edu. Media Serv./Sch. Library	1,141,027	(31,109)	1,109,918	1,005,268	104,650
Undist.Expend.-Instructional Staff Training Services:					
Purchased Professional - Educational Service	26,300	(3,243)	23,057	9,627	13,430
Other Objects	8,000	3,543	11,543	11,543	
Total Undist.Expend.-Instructional Staff Training Services	34,300	300	34,600	21,170	13,430
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	323,079	2,461	325,540	324,525	1,015
Legal Services	27,000	5,000	32,000	29,114	2,886
Audit Fees	43,000	2,400	45,400	45,400	
Architectural/Engineering Services	31,090		31,090	19,385	11,705
Other Purchased Professional Services	26,600	(3,585)	23,015	23,015	
Communications / Telephone	100,824	(4,400)	96,424	61,644	34,780
BOE Other Purchased Services	4,000	(1,700)	2,300	385	1,915
Other Purch. Serv. (400-500 series other than 530 & 585)	15,000		15,000	11,019	3,981
General Supplies	9,500	(1,400)	8,100	7,815	285
BOE In-house training/ Meeting Supplies	3,500	500	4,000	3,844	156
Judgments Against The School District	15,000		15,000		15,000
Miscellaneous Expenditures	9,500	(500)	9,000	7,068	1,932
BOE Membership Dues and Fees	10,500	3,100	13,600	13,581	19
Total Undist. Expend.-Support Serv.-Gen. Admin.	618,593	1,876	620,469	546,795	73,674

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 603,037	\$ 44,821	\$ 647,858	\$ 633,561	\$ 14,297
Salaries of Secretarial and Clerical Assistants	230,375	1,861	232,236	231,976	260
Other Salaries	3,500		3,500	665	2,835
Other Purchased Services (400-500 series)	6,500	394	6,894	4,920	1,974
Supplies and Materials	15,820	(1,200)	14,620	4,287	10,333
Total Undist. Expend.-Support Serv.-School Adm.	859,232	45,876	905,108	875,409	29,699
Undist. Expend. - Central Services:					
Salaries	217,992		217,992	217,543	449
Purchased Technical Services	45,000		45,000	43,485	1,515
Miscellaneous Purchased Services (400-500 series other than 594)	10,500		10,500	4,215	6,285
Supplies and Materials	23,000		23,000	7,893	15,107
Other Objects	9,100		9,100	4,704	4,396
Total Undist. Expend. - Central Services	305,592		305,592	277,840	27,752
Undist. Expend. - Admin. Info. Technology:					
Salaries	60,197		60,197	60,051	146
Purchased Technical Services	90,000		90,000	75,214	14,786
Total Undist. Expend. - Admin. Info. Technology	150,197		150,197	135,265	14,932
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	115,497	(38,341)	77,156	61,015	16,141
Cleaning, Repair, and Maintenance Services	527,971	(52,645)	475,326	405,882	69,444
General Supplies	128,862	(2,284)	126,578	94,328	32,250
Total Undist. Expend.- Required Maint. for School Facilities	772,330	(93,270)	679,060	561,225	117,835

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 292,066	\$ 34,611	\$ 326,677	\$ 320,455	\$ 6,222
Salaries of Non-Instructional Aides	67,962	59,929	127,891	55,347	72,544
Purchased Professional and Technical Services	8,200	(2,000)	6,200	5,100	1,100
Cleaning, Repair, and Maintenance Services	959,217	19,015	978,232	902,658	75,574
Insurance	226,837	5,300	232,137	232,082	55
General Supplies	156,000	(26,315)	129,685	50,779	78,906
Energy (Natural Gas)	225,200	1,000	226,200	207,673	18,527
Energy (Electricity)	325,000	(72,000)	253,000	112,191	140,809
Energy (Gasoline)	9,000	(1,000)	8,000	3,622	4,378
Other Objects	17,000	10,695	27,695	23,110	4,585
Total Undist. Expend.-Custodial Services	2,286,482	29,235	2,315,717	1,913,017	402,700
Security:					
Purchased Professional and Technical Services	70,000		70,000	58,744	11,256
Total Security	70,000		70,000	58,744	11,256
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	3,128,812	(64,035)	3,064,777	2,532,986	531,791
Undist. Expend.-Student Transportation Serv.:					
Contract. Serv. - Aid in Lieu of Payments-Nonpublic Studts	56,375		56,375	15,792	40,583
Contract. Serv.(Bet. Home & Sch.)-Vendors	316,159	18,210	334,369	334,219	150
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	37,183	(14,000)	23,183	22,878	305
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	572,000	75,000	647,000	523,960	123,040
Total Undist. Expend.-Student Trans. Serv.	981,717	79,210	1,060,927	896,849	164,078

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 257,998	\$ (16,795)	\$ 241,203	\$ 231,489	\$ 9,714
Other Retirement Contributions - PERS	222,404	37,078	259,482	259,482	
Other Retirement Contributions - Regular	56,449	(12,449)	44,000	33,565	10,435
Workers Compensation	81,533	400	81,933	81,928	5
Health Benefits	3,248,180	71,850	3,320,030	3,319,841	189
Other Employee Benefits	155,847	(35,243)	120,604	120,604	
Unused Sick Payment to Terminated/Retired Staff	45,000	(7,578)	37,422	32,750	4,672
TOTAL UNALLOCATED BENEFITS	4,067,411	37,263	4,104,674	4,079,659	25,015
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,171,405	(1,171,405)
TPAF Pension Contributions (Non-Budgeted)				4,255,519	(4,255,519)
TPAF Non-Contributory Insurance (Non-Budgeted)				48,532	(48,532)
TPAF Long-Term Disability Insurance (Non-Budgeted)				1,428	(1,428)
Reimbursed TPAF Social Security Contributions				920,679	(920,679)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				6,397,563	(6,397,563)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,067,411	37,263	4,104,674	10,477,222	(6,372,548)
TOTAL UNDISTRIBUTED EXPENDITURES	16,327,549	(164,542)	16,163,007	21,084,514	(4,921,507)
TOTAL GENERAL CURRENT EXPENSE	28,062,788	(188,942)	27,873,846	32,700,318	(4,826,472)
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Undist. Expend. - Required Maint for School Fac.		19,115	19,115	18,117	998
Undist. Expend. - Security		363,185	363,185	338,755	24,430
Total Equipment		382,300	382,300	356,872	25,428

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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					
Facilities Acquisition and Construction Serv.:					
Construction Services	\$ 463,115	\$	\$ 463,115	\$ 245,985	\$ 217,130
Supplies and Materials	257,728		257,728	120,894	136,834
Lease Purchase Agreements - Principal	54,743		54,743	54,743	
Assessment for Debt Service on SDA Funding	21,633		21,633	21,633	
Total Facilities Acquisition and Construction Serv.	797,219		797,219	443,255	353,964
TOTAL CAPITAL OUTLAY	797,219	\$ 382,300	1,179,519	800,127	379,392
SPECIAL SCHOOLS					
Summer School - Instruction:					
Salaries of Teachers		28,735	28,735		28,735
Other Salaries for Instruction		6,305	6,305		6,305
Total Summer School - Instruction		35,040	35,040		35,040
TOTAL SPECIAL SCHOOLS		35,040	35,040		35,040
TOTAL EXPENDITURES	28,860,007	228,398	29,088,405	33,500,445	(4,412,040)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(3,743,897)	(228,398)	(3,972,295)	(1,340,081)	2,632,214
Other Financing Sources/(Uses):					
Transfers from Other Funds				357	357
Total Other Financing Sources/(Uses)				357	357
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,743,897)	(228,398)	(3,972,295)	(1,339,724)	2,632,571
Fund Balance, July 1	6,094,612		6,094,612	6,094,612	
Fund Balance, June 30	\$ 2,350,715	\$ (228,398)	\$ 2,122,317	\$ 4,754,888	\$ 2,632,571

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

<u>Recapitulation:</u>	
Restricted Fund Balance:	
Excess Surplus - Restricted For 2025-2026	\$ 200,000
Excess Surplus - Restricted For 2024-2025	500,000
Capital Reserve	383,791
Maintenance Reserve	356,489
Unemployment Compensation	125,667
Assigned Fund Balance:	
Year End Encumbrances	742,955
Designated for Subsequent Year's Expenditures	1,423,455
Unassigned Fund Balance	1,022,531
	<u>4,754,888</u>
Reconciliation to Governmental Funds Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP basis	<u>(120,963)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,633,925</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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		\$ 240,481	\$ 240,481	\$ 240,481	
State Sources		217,037	217,037	238,365	\$ 21,328
Federal Sources	\$ 482,994	568,902	1,051,896	633,692	(418,204)
Total Revenues	482,994	1,026,420	1,509,414	1,112,538	(396,876)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	10,000	7,706	17,706	17,706	
Purchased Professional and Technical Services		37,550	37,550	31,280	6,270
Other Purchased Services		38,000	38,000	32,073	5,927
Tuition		4,163	304,163	302,247	1,916
General Supplies	300,000	21,914	21,914	21,914	
Textbooks		10,984	10,984	10,540	444
Other Objects		52,907	52,907	52,886	21
Total Instruction	310,000	173,224	483,224	468,646	14,578
Support Services:					
Purchased Professional and Technical Services	20,000	178,765	198,765	198,765	
Other Purchased Services		128,818	128,818	126,002	2,816
Other Objects		97,865	97,865	97,865	
Student Activities		142,616	142,616	134,282	8,334
Total Support Services	20,000	548,064	568,064	556,914	11,150
Facilities Acquisition and Construction Services:					
Building Improvements	152,994	305,132	458,126	78,644	379,482
Total Facilities Acquisition and Construction Services	152,994	305,132	458,126	78,644	379,482
Total Expenditures	\$ 482,994	\$ 1,026,420	\$ 1,509,414	\$ 1,104,204	\$ 405,210
Deficit of Revenue Under Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ 8,334	\$ 8,334

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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	\$ 32,160,364	\$ 1,112,538
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the budgetary basis but not on the GAAP basis:		
Current Year Encumbrances		(44,658)
Prior Year Encumbrances		32,742
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	103,435	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(120,963)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 32,142,836</u>	<u>\$ 1,100,622</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 33,500,445	\$ 1,104,204
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(44,658)
Prior Year Encumbrances		32,742
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,500,445</u>	<u>\$ 1,092,288</u>

Budgets/Budgetary Control:

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

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

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

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

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act		Education Stabilization Fund			
	Title I	Title II A	Title III	ESSER III	ARP Accelerated Learning	Evidence Based Summer Learning
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 84,289	\$ 30,033	\$ 626	\$ 54,035	\$ 68,932	\$ 35,158
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition	31,280					
Other Purchased Services						
General Supplies	32,073		626			
Textbooks	20,936					
Other Objects						
Total Instruction	84,289		626			
Support Services:						
Purchased Professional and Technical Services		30,033			68,932	35,158
Other Purchased Services						
Other Objects						
Student Activities						
Total Support Services		30,033			68,932	35,158
Facilities Acquisition:						
Building Improvements				54,035		
Total Facilities Acquisition				54,035		
Total Expenditures	\$ 84,289	\$ 30,033	\$ 626	\$ 54,035	\$ 68,932	\$ 35,158

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbooks	Nonpublic Security Aid
REVENUE:						
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 330,722	\$ 29,897	\$ 25,080	\$ 9,289	\$ 10,540	\$ 42,845
	330,722	29,897	25,080	9,289	10,540	42,845
EXPENDITURES:						
Instruction:						
Salaries of Teachers			17,706			
Purchased Professional and Technical Services						
Tuition	295,977		6,270			
Other Purchased Services			352		10,540	42,845
General Supplies						
Textbooks			752	9,289		
Other Objects						
Total Instruction	295,977		25,080	9,289	10,540	42,845
Support Services:						
Purchased Professional and Technical Services	34,745	29,897				
Other Purchased Services						
Other Objects						
Student Activities						
Total Support Services	34,745	29,897				
Facilities Acquisition:						
Building Improvements						
Total Facilities Acquisition						
Total Expenditures	\$ 330,722	\$ 29,897	\$ 25,080	\$ 9,289	\$ 10,540	\$ 42,845

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Non-Public				NJ SDA Emergent & Capital Maintenance Needs	Local Grants
	Examination & Classification	Corrective Speech	Supplemental Instruction	Compensatory Education		
REVENUE:						
Local Sources	\$ 18,574	\$ 32,085	\$ 20,138	\$ 55,205	\$ 24,609	\$ 97,865
State Sources						
Federal Sources						
Total Revenue	18,574	32,085	20,138	55,205	24,609	97,865
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition						
Other Purchased Services						
General Supplies						
Textbooks						
Other Objects						
Total Instruction						
Support Services:						
Purchased Professional and Technical Services						
Other Purchased Services	18,574	32,085	20,138	55,205		97,865
Other Objects						
Student Activities						
Total Support Services	18,574	32,085	20,138	55,205		97,865
Facilities Acquisition:						
Building Improvements					24,609	
Total Facilities Acquisition					24,609	
Total Expenditures	\$ 18,574	\$ 32,085	\$ 20,138	\$ 55,205	\$ 24,609	\$ 97,865

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

REVENUE:			
Local Sources			
State Sources			
Federal Sources			
Total Revenue			
EXPENDITURES:			
Instruction:			
Salaries of Teachers			17,706
Purchased Professional and Technical Services			31,280
Tuition			302,247
Other Purchased Services			32,073
General Supplies			21,914
Textbooks			10,540
Other Objects			52,886
Total Instruction			468,646
Support Services:			
Purchased Professional and Technical Services			198,765
Other Purchased Services			126,002
Other Objects			97,865
Student Activities		134,282	134,282
Total Support Services		134,282	556,914
Facilities Acquisition:			
Building Improvements			78,644
Total Facilities Acquisition			78,644
Total Expenditures		134,282	\$ 1,104,204

CAPITAL PROJECTS FUND

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
AND PROJECT STATUS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Revenue and Other Financing Sources:	
Interest Revenue	\$ 357
	<hr/>
Total Revenue and Other Financing Sources	357
	<hr/>
Expenditures and Other Financing Uses:	
Transfers Out:	
General Fund - Interest Earned	357
	<hr/>
Total Expenditures and Other Financing Uses	357
	<hr/>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
	<hr/>
Fund Balance - Beginning	-0-
	<hr/>
Fund Balance - Ending	\$ -0-
	<hr/> <hr/>

PROPRIETARY FUNDS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 147,449
Accounts Receivable:	
Federal	3,167
State	252
Interfund Receivable - General Fund	37,641
Inventories	6,620
	<hr/>
Total Current Assets	195,129
	<hr/>

Non- Current Assets:

Capital Assets:

Capital Assets	136,378
Less: Accumulated Depreciation	(105,171)
	<hr/>

Total Non- Current Assets

31,207

Total Assets

226,336

LIABILITIES:

Current Liabilities:

Accounts Payable -Vendors	28,224
Unearned Revenue - Donated Commodities	1,774
Unearned Revenue - Prepaid Sales	15,379
	<hr/>

Total Current Liabilities

45,377

Total Liabilities

45,377

NET POSITION:

Investment in Capital Assets	31,207
Unrestricted	149,752
	<hr/>

Total Net Position

\$ 180,959

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating Revenue:

Charges for Services:

Daily Sales:

Daily Sales - Reimbursable Programs	\$ 244,368
Daily Sales - Non Reimbursable Programs	57,803

Total Operating Revenue	302,171
-------------------------	---------

Operating Expenses:

Cost of Sales - Reimbursable Programs	150,616
Cost of Sales - Non Reimbursable Programs	35,627
Salaries, Benefits and Payroll Taxes	252,483
Purchased Property Services	13,353
Supplies and Materials	14,737
Depreciation Expense	4,310

Total Operating Expenses	471,126
--------------------------	---------

Operating (Loss)	(168,955)
------------------	-----------

Non-Operating Revenue:

Federal Sources:

National School Lunch Program	62,488
Local Food for Schools Cooperative Agreement Program	1,246
Food Distribution Program	32,816
Supply Chain Assistance	60,160
Covid 19 - Pandemic EBT Program	653

State Sources:

State School Lunch Program	5,055
State School Lunch Program - NJEIE	589

Local Sources:

Interest Revenue	7,607
------------------	-------

Total Non-Operating Revenue	170,614
-----------------------------	---------

Change in Net Position Before Other Item	1,659
--	-------

Adjustment	577
------------	-----

Change in Net Position After Other Item	2,236
---	-------

Net Position - Beginning of Year	178,723
----------------------------------	---------

Net Position - End of Year	\$ 180,959
----------------------------	------------

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 300,409
Payments to Food Service Vendor	(341,765)
Payments to Salaries - District Employee	(60,000)
Payments to Suppliers	(4,169)
	<hr/>
Net Cash (Used for) Operating Activities	(105,525)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(10,403)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(10,403)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	7,607
	<hr/>
Net Cash Provided by Investing Activities	7,607
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	
National School Lunch Program	64,084
Local Food for Schools	1,246
Supply Chain Assistance	29,831
State Sources	
State School Lunch Program	5,096
State School Lunch Program - NJEIE	589
	<hr/>
Net Cash Provided by Noncapital Financing Activities	100,846
	<hr/>
Net (Decrease) in Cash and Cash Equivalents	(7,475)
	<hr/>
Cash and Cash Equivalents, July 1	154,924
	<hr/>
Cash and Cash Equivalents, June 30	\$ 147,449
	<hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (168,955)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	4,310
Federal Food Distribution Program	32,816
Changes in Assets and Liabilities:	
Decrease in Inventories	1,706
Increase in Accounts Payable	28,224
(Decrease) in Unearned Revenue - Donated Commodities	(1,861)
(Decrease) in Unearned Revenue- Prepaid Sales	(1,765)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (105,525)
	<hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Federal Food Distribution Program valued at \$30,955 and utilized commodities valued at \$32,816 for the fiscal year ended June 30, 2024.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM LIABILITIES

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Balance June 30, 2023</u>	<u>Matured</u>
Refunding Bonds of 2012	12/4/2012	\$ 3,815,000	\$ 365,000	\$ 365,000
			<u>\$ 365,000</u>	<u>\$ 365,000</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOT APPLICABLE

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 372,300		\$ 372,300	\$ 372,300	
Total Revenues	372,300		372,300	372,300	
EXPENDITURES:					
Regular Debt Service:					
Interest	7,300		7,300	7,300	
Redemption of Principal	365,000		365,000	365,000	
Total Regular Debt Service	372,300		372,300	372,300	
Total Expenditures	372,300		372,300	372,300	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1					
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

UNAUDITED

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net Investment in Capital Assets	\$ 10,968,957	\$ 11,651,357	\$ 11,763,797	\$ 12,118,748	\$ 12,267,265	\$ 12,227,331	\$ 12,086,080	\$ 12,555,704	\$ 13,307,429	\$ 13,885,172
Restricted	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746	2,849,045	1,597,455
Unrestricted/(Deficit)	(3,663,287)	(4,230,049)	(4,862,881)	(4,432,924)	(4,294,331)	(4,336,909)	(3,477,362)	(1,663,127)	(1,440,576)	(966,906)
Total Governmental Activities Net Position	\$ 8,733,911	\$ 9,243,896	\$ 9,147,893	\$ 9,255,806	\$ 9,368,683	\$ 10,654,144	\$ 11,634,786	\$ 13,651,323	\$ 14,715,898	\$ 14,515,721
Business-Type Activities:										
Investment in Capital Assets	\$ 27,843	\$ 42,287	\$ 37,975	\$ 39,559	\$ 35,137	\$ 38,274	\$ 33,734	\$ 29,424	\$ 25,114	\$ 31,207
Unrestricted	77,893	70,253	83,746	88,112	94,230	106,914	87,949	142,664	153,609	149,752
Total Business-Type Activities Net Position	\$ 105,736	\$ 112,540	\$ 121,721	\$ 127,671	\$ 129,367	\$ 145,188	\$ 121,683	\$ 172,088	\$ 178,723	\$ 180,959
District-Wide:										
Net Investment in Capital Assets	\$ 10,996,800	\$ 11,693,644	\$ 11,801,772	\$ 12,158,307	\$ 12,302,402	\$ 12,265,605	\$ 12,119,814	\$ 12,585,128	\$ 13,332,543	\$ 13,916,379
Restricted	1,428,241	1,822,588	2,246,977	1,569,982	1,395,749	2,763,722	3,026,068	2,758,746	2,849,045	1,597,455
Unrestricted/(Deficit)	(3,585,394)	(4,159,796)	(4,779,135)	(4,344,812)	(4,200,101)	(4,229,995)	(3,389,413)	(1,520,463)	(1,286,967)	(817,154)
Total District Net Position	\$ 8,839,647	\$ 9,356,436	\$ 9,269,614	\$ 9,383,477	\$ 9,498,050	\$ 10,799,332	\$ 11,756,469	\$ 13,823,411	\$ 14,894,621	\$ 14,696,680

Source: School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,373,913	\$ 12,628,594	\$ 14,152,914	\$ 13,303,362	\$ 15,322,811	\$ 13,594,644	\$ 13,898,223	\$ 12,538,033	\$ 12,131,879	\$ 11,791,901
Special Education	3,588,169	3,577,721	4,219,712	4,044,204	3,933,547	3,996,199	4,108,517	3,793,567	3,942,271	4,867,098
Other Special Instruction	298,466	212,912	242,666	258,652	347,345	354,079	299,487	490,108	519,498	730,683
Other Instruction	133,354	151,824	143,702	134,172	149,514	134,463	28,481	112,533	232,173	137,394
Support Services:										
Tuition	696,820	885,893	868,282	838,605	656,123	842,946	1,051,632	1,301,941	1,346,223	1,694,285
Student & Instruction Related Services	3,645,631	3,868,747	4,302,335	4,603,753	3,696,079	4,546,812	4,430,099	4,624,936	4,784,069	5,113,654
General Administrative Services	434,410	681,974	470,098	492,180	539,732	596,070	602,203	642,770	694,687	625,942
School Administrative Services	1,019,201	1,185,445	1,339,033	1,295,007	1,327,535	1,322,299	1,370,020	1,316,069	1,206,344	1,283,376
Central Services	413,524	422,260	411,762	400,619	485,385	444,504	317,521	368,899	367,972	359,615
Administration Information Technology	122,673	123,939	135,179	156,401	138,965	134,420	136,887	143,711	140,500	190,133
Plant Operations and Maintenance	2,170,695	1,959,349	2,323,710	2,048,386	2,279,929	2,201,262	2,327,561	2,411,508	2,691,477	2,642,243
Pupil Transportation	470,899	419,228	464,553	515,896	547,885	492,007	471,270	578,578	976,442	910,971
Special Schools	29,219	32,428	22,904	15,843	44,986	30,084	25,389	48,602	1,361	21,633
Capital Outlay	129,642	32,703	21,633	21,633	21,636	22,133	21,633	32,309	15,309	608
Interest on Long-term Debt	71,891	122,194	102,177	83,820	72,163	57,455	49,125	452,630	498,102	570,798
Unallocated Depreciation	391,737	392,898	393,490	418,603	418,603	423,529	423,529			
Total Governmental Activities Expenses	24,990,244	26,698,109	29,614,150	28,631,136	29,982,238	29,192,906	29,561,577	28,856,194	29,569,940	30,940,334
Business-Type Activities:										
Food Service	268,503	280,648	286,247	292,960	315,683	248,284	154,567	392,123	463,177	471,126
Total Business-Type Activities Expenses	268,503	280,648	286,247	292,960	315,683	248,284	154,567	392,123	463,177	471,126
Total District Expenses	25,258,747	26,978,757	29,900,397	28,924,096	30,297,921	29,441,190	29,716,144	29,248,317	30,033,117	31,411,460
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	20,600	23,400	27,200	28,100	44,424	57,200	40,600	45,182	33,416	45,600
Student & Instruction Related Services								228,927	92,515	142,616
Transportation	27,280	26,675	25,605	60,530	52,480	65,490	17,250	59,692	48,966	67,291
Operating Grants and Contributions	5,844,311	6,845,870	8,743,572	7,690,295	8,394,630	7,952,651	7,857,713	7,516,273	7,006,142	6,154,954
Total Governmental Activities Program Revenues	5,892,191	6,895,945	8,796,377	7,778,925	8,491,534	8,075,341	7,915,563	7,850,074	7,181,039	6,410,461

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 201,275	\$ 200,126	\$ 222,866	\$ 222,095	\$ 235,963	\$ 202,571	\$ 2,762	\$ 2,083	\$ 301,235	\$ 302,171
Operating Grants and Contributions	74,034	74,646	72,124	76,220	79,372	59,432	127,994	440,173	163,247	163,007
Total Business-Type Activities Revenues	275,309	274,772	294,990	298,315	315,335	262,003	130,756	442,256	464,482	465,178
Total District Program Revenues	6,167,500	7,170,717	9,091,367	8,077,240	8,806,869	8,337,344	8,046,319	8,292,330	7,645,521	6,875,639
Net (Expense)/Revenue										
Governmental Activities	(19,098,053)	(19,802,164)	(20,817,773)	(20,852,211)	(21,490,704)	(21,117,565)	(21,646,014)	(21,006,120)	(22,388,901)	(24,529,873)
Business-Type Activities	6,806	(5,876)	8,743	5,355	(348)	13,719	(23,811)	50,133	1,305	(5,948)
Total District Net (Expense)/Revenue	(19,091,247)	(19,808,040)	(20,809,030)	(20,846,856)	(21,491,052)	(21,103,846)	(21,669,825)	(20,955,987)	(22,387,596)	(24,535,821)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	19,084,895	19,460,866	19,850,082	20,442,524	21,051,711	21,472,745	21,997,999	22,437,957	22,886,716	23,622,318
Taxes Levied for Debt Service	727,174	728,242	699,542	460,300	463,975	467,200	474,900	465,100	448,100	372,300
Unrestricted Grants and Contributions	37,670	37,588	48,991	46,424	65,595	67,592	67,567	67,753	68,500	67,529
Interest and Miscellaneous Income	42,388	85,453	59,853	3,085	22,300	43,301	24,553	51,846	50,160	267,549
Cancellation of Prior Year Accounts Payable			63,302	7,791		150,152	36,403			
Total Governmental Activities	19,892,127	20,312,149	20,721,770	20,960,124	21,603,581	22,200,990	22,601,422	23,022,656	23,453,476	24,329,696
Business-Type Activities:										
Investment Earnings	324	359	438	595	2,044	2,102	306	272	5,330	7,607
Special Item - Capital Asset Valuation Adjustment		12,321								
Other Item - Adjustment										577
Total Business-Type Activities	324	12,680	438	595	2,044	2,102	306	272	5,330	8,184
Total District	19,892,451	20,324,829	20,722,208	20,960,719	21,605,625	22,203,092	22,601,728	23,022,928	23,458,806	24,337,880
Change in Net Position:										
Governmental Activities	794,074	509,985	(96,003)	107,913	112,877	1,083,425	955,408	2,016,536	1,064,575	(200,177)
Business-Type Activities	7,130	6,804	9,181	5,950	1,696	15,821	(23,505)	50,405	6,635	2,236
Total District	\$ 801,204	\$ 516,789	\$ (86,822)	\$ 113,863	\$ 114,573	\$ 1,099,246	\$ 931,903	\$ 2,066,941	\$ 1,071,210	\$ (197,941)

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ending June 30,										
General Fund:										
Restricted	\$ 1,428,241	\$ 1,822,588	\$ 2,246,977	\$ 1,569,982	\$ 1,395,749	\$ 2,648,256	\$ 2,966,376	\$ 2,727,303	\$ 2,825,871	\$ 1,565,947
Assigned	1,053,311	819,737	550,517	1,382,629	1,425,918	1,347,524	1,457,808	2,214,664	2,338,039	2,166,410
Unassigned	852,958	693,252	723,212	359,064	465,428	377,320	941,145	1,314,082	827,267	901,568
Total General Fund	\$ 3,334,510	\$ 3,335,577	\$ 3,520,706	\$ 3,311,675	\$ 3,287,095	\$ 4,373,100	\$ 5,365,329	\$ 6,256,049	\$ 5,991,177	\$ 4,633,925
All Other Governmental Funds:										
Restricted	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443	\$ 23,174	\$ 31,508
Total All Other Governmental Funds	\$ 440	\$ 277	\$ -0-	\$ -0-	\$ -0-	\$ 115,466	\$ 59,692	\$ 31,443	\$ 23,174	\$ 31,508

Source: School District Financial Reports.

Page 119

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Transfers In	\$ 4	\$ 13	\$ 33	\$ 79	\$ 137	\$ 95	\$ 4	\$ 13	\$ 210	\$ 357
Transfers Out	(4)	(13)	(33)	(79)	(137)	(95)	(4)	(13)	(210)	(357)
Financed Purchases (Non-Budgeted)				73,237			160,000			
Cancellation of Prior Year Accounts Payable			63,302	7,791		150,152	36,403			
Total Other Financing Sources (Uses)	-0-	-0-	63,302	81,028	-0-	150,152	196,403	-0-	-0-	-0-
Net Change in Fund Balances	\$ 129,107	\$ 904	\$ 184,852	\$ (209,031)	\$ (24,580)	\$ 999,435	\$ 936,455	\$ 862,472	\$ (273,141)	\$ (1,348,918)
Debt Service as a Percentage of Noncapital Expenditures	3.4 %	3.2 %	2.9 %	1.8 %	1.8 %	1.8 %	1.7 %	1.6 %	1.4 %	1.1 %

Source: School District Financial Reports.

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2015	\$ 9,963	\$ 20,600	\$ 27,280	\$ 5,141	\$ 62,984
2016	10,630	23,400	23,675	51,135	108,840
2017	6,167	27,200	25,605	53,653	112,625
2018	2,558	28,100	60,530	448	91,636
2019	3,472	44,424	52,480	18,691	119,067
2020	17,102	57,200	65,490	26,104	165,896
2021	2,774	40,600	17,250	21,775	82,399
2022	2,584	45,182	59,692	49,250	156,708
2023	38,331	33,416	48,966	11,619	132,332
2024	52,471	45,600	67,291	116,856	282,218

Source: Borough of Hillsdale School District records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Direct School Tax Rate ^b	Total Tax Rate	Estimated Actual (County Equalized Value)
2014	\$ 10,606,300	\$ 1,543,881,100	\$ 621,800	\$ 12,200	\$ 97,025,800	\$ 12,029,100	\$ 4,959,700	\$ 1,669,136,000	\$ 140,724,900	\$ 5,466,941	\$ 1,674,602,941	\$ 1.17	\$ 1.810,828,300	
2015	10,606,300	1,544,839,900	621,800	12,200	96,902,400	12,029,100	4,959,700	1,669,971,400	140,595,200	5,459,352	1,675,430,752	1.19	1,778,154,309	
2016	10,541,400	1,547,451,500	621,800	12,200	96,611,800	12,029,100	4,959,700	1,672,227,500	140,242,900	5,840,947	1,678,068,447	1.22	1,797,317,792	
2017	10,204,700	1,550,344,000	621,800	12,200	96,744,900	12,029,100	4,959,700	1,674,916,400	140,448,700	5,839,516	1,680,755,916	1.24	1,819,081,316	
2018	14,139,500	1,553,102,200	621,800	12,200	94,928,700	12,029,100	4,959,700	1,679,793,200	140,448,700	5,873,363	1,685,666,563	1.26	1,813,645,677	
2019	12,551,900	1,559,712,900	621,800	12,200	94,786,700	12,029,100	4,959,700	1,684,674,300	140,445,900	5,809,640	1,690,483,940	1.28	1,879,223,781	
2020	11,070,200	1,563,453,300	621,800	12,200	97,111,900	11,944,100	7,119,700	1,691,333,200	140,502,100	5,888,257	1,697,221,457	1.32	1,873,441,718	
2021	8,443,800	1,567,361,300	621,800	12,200	96,833,700	11,944,100	14,619,700	1,699,836,600	141,279,100	6,171,484	1,706,008,084	1.34	1,894,706,963	
2022	6,818,900	1,574,249,800	621,800	12,200	96,793,700	11,944,100	14,619,700	1,705,060,200	141,847,600	5,819,616	1,710,879,816	1.36	1,977,971,492	
2023	6,116,400	1,579,957,500	621,800	12,200	96,140,600	11,944,100	14,619,700	1,709,412,300	142,489,900	-0-	1,709,412,300	1.40	2,110,751,561	

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

^b Tax rates are per \$100 of assessed value.

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	<u>Borough of Hillsdale School District Direct Rate</u>			<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hillsdale	Pascack Valley Regional High School District	Bergen County	
2014	\$ 1.13	\$ 0.04	\$ 1.17	\$ 0.54	\$ 0.65	\$ 0.25	\$ 2.61
2015	1.15	0.04	1.19	0.55	0.63	0.26	2.63
2016	1.18	0.04	1.22	0.56	0.68	0.26	2.71
2017	1.21	0.03	1.24	0.57	0.68	0.27	2.76
2018	1.23	0.03	1.26	0.58	0.70	0.26	2.80
2019	1.28	0.03	1.28	0.60	0.75	0.27	2.90
2020	1.30	0.03	1.32	0.60	0.71	0.27	2.91
2021	1.32	0.03	1.34	0.62	0.72	0.28	2.97
2022	1.34	0.03	1.36	0.63	0.73	0.28	3.00
2023	1.38	0.02	1.40	0.64	0.75	0.30	3.08

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

	2024			2015		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value	
						NOT AVAILABLE
						NOT AVAILABLE

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 19,812,069	\$ 19,812,069	100.00 %	-0-
2016	20,189,108	20,189,108	100.00 %	-0-
2017	20,549,624	20,549,624	100.00 %	-0-
2018	20,902,824	20,902,824	100.00 %	-0-
2019	21,515,686	21,515,686	100.00 %	-0-
2020	21,939,945	21,939,945	100.00 %	-0-
2021	22,472,899	22,472,899	100.00 %	-0-
2022	22,903,057	22,903,057	100.00 %	-0-
2023	23,334,816	23,334,816	100.00 %	-0-
2024	23,994,618	23,994,618	100.00 %	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business -Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchases	Bond Anticipation Notes (BANs)	Activities				
					Financed	Purchases			
2015	\$ 3,990,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 3,990,000	0.52 %	\$ 385.28	
2016	3,385,000	-0-	-0-	-0-	-0-	3,385,000	0.42 %	326.11	
2017	2,790,000	-0-	-0-	-0-	-0-	2,790,000	0.34 %	269.10	
2018	2,420,000	-0-	47,771	-0-	-0-	2,467,771	0.29 %	237.70	
2019	2,035,000	-0-	23,292	-0-	-0-	2,058,292	0.23 %	198.96	
2020	1,635,000	-0-	-0-	-0-	-0-	1,635,000	0.18 %	158.63	
2021	1,215,000	-0-	160,000	-0-	-0-	1,375,000	0.15 %	134.11	
2022	790,000	-0-	107,044	-0-	-0-	897,044	0.09 %	89.10	
2023	365,000	-0-	53,925	-0-	-0-	418,925	0.04 %	41.71	
2024	-0-	-0-	-0-	-0-	-0-	-0-	0.00 %	-0-	

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

Source: School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 3,990,000	\$ -0-	\$ 3,990,000	0.24 %	\$ 385.28
2016	3,385,000	-0-	3,385,000	0.20 %	326.11
2017	2,790,000	-0-	2,790,000	0.17 %	269.10
2018	2,420,000	-0-	2,420,000	0.14 %	233.10
2019	2,035,000	-0-	2,035,000	0.12 %	196.71
2020	1,635,000	-0-	1,635,000	0.10 %	158.63
2021	1,215,000	-0-	1,215,000	0.07 %	118.50
2022	790,000	-0-	790,000	0.05 %	78.47
2023	365,000	-0-	365,000	0.02 %	36.34
2024	-0-	-0-	-0-	0.00 %	-0-

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

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

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

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 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:			
Borough of Hillsdale	\$ 5,476,227	100.00 %	\$ 5,476,227
Bergen County General Obligation Debt	971,467,303	1.17 %	<u>11,326,486</u>
Subtotal, Overlapping Debt			16,802,713
Borough of Hillsdale School District Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u><u>\$ 16,802,713</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2024

Year Ended December 31,	Equalized Valuation Basis
2021	\$ 1,961,500,808
2022	2,100,603,918
2023	2,250,707,439
	<u>\$ 6,312,812,165</u>
Average Equalized Valuation of Taxable Property	<u>\$ 2,104,270,722</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 63,128,122
Net Bonded School Debt at June 30, 2024	<u>-0-</u>
Legal Debt Margin	<u>\$ 63,128,122</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 54,068,112	\$ 53,567,528	\$ 53,410,421	\$ 53,816,585	\$ 54,710,556
Total Net Debt Applicable to Limit	<u>3,990,000</u>	<u>3,385,000</u>	<u>2,790,000</u>	<u>2,420,000</u>	<u>2,035,000</u>
Legal Debt Margin	<u>\$ 50,078,112</u>	<u>\$ 50,182,528</u>	<u>\$ 50,620,421</u>	<u>\$ 51,396,585</u>	<u>\$ 52,675,556</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.38 %	6.32 %	5.22 %	4.50 %	3.72 %

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 55,210,278	\$ 55,977,077	\$ 56,944,292	\$ 59,380,289	\$ 63,128,122
Total Net Debt Applicable to Limit	<u>1,635,000</u>	<u>1,215,000</u>	<u>790,000</u>	<u>365,000</u>	<u>-0-</u>
Legal Debt Margin	<u>\$ 53,575,278</u>	<u>\$ 54,762,077</u>	<u>\$ 56,154,292</u>	<u>\$ 59,015,289</u>	<u>\$ 63,128,122</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.96 %	2.17 %	1.39 %	0.61 %	0.00 %

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Bergen County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015	10,380	\$ 802,612,740	\$ 77,323	4.00%
2016	10,368	817,371,648	78,836	4.00%
2017	10,382	841,191,168	81,024	3.80%
2018	10,345	881,300,895	85,191	3.30%
2019	10,307	909,499,987	88,241	2.80%
2020	10,253	942,988,916	91,972	8.50%
2021	10,068	980,049,324	97,343	5.70%
2022	10,044	975,654,072	97,138	3.20%
2023	10,062	977,402,556 ***	97,138 **	3.80%
2024	10,062 *	977,402,556 ***	97,138 **	N/A

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

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

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

N/A - Not Available

Source:

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

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

NOT AVAILABLE

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

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

<u>Function/Program</u>	<u>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	89.15	89.15	89.15	90.10	90.50	89.75	102.35	102.95	93.75	90.80
Special Education	54.25	56.25	57.25	58.00	26.10	53.47	41.18	45.20	47.20	61.11
Support Services:										
Student & Instruction Related Services	25.74	25.74	25.74	26.74	26.74	26.82	25.76	27.36	27.32	28.92
General Administrative Services	2.50	3.00	3.00	3.00	3.00	2.60	2.60	2.60	3.50	3.50
School Administrative Services	8.00	9.00	10.00	9.50	9.50	7.55	7.67	7.67	8.00	8.00
Central Services	6.00	3.00	2.00	2.00	2.00	3.00	3.00	3.60	3.00	3.00
Plant Operations and Maintenance	10.30	10.30	10.30	5.00	5.00	5.00	7.00	7.40	7.80	9.20
Total	<u>195.94</u>	<u>196.44</u>	<u>197.44</u>	<u>194.34</u>	<u>162.84</u>	<u>188.19</u>	<u>189.56</u>	<u>196.78</u>	<u>190.57</u>	<u>204.53</u>

Source: District Personnel Records.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Meadowbrook	Elementary	Smith				
2015	1,257	\$ 22,107,748	\$ 17,588	7.09 %	119	1:10.0	1:10.5	1:10.5	1,253	1,207	-3.98 %	96.33 %
2016	1,181	22,915,917	19,404	10.33 %	124	1:9.5	1:9.5	1:9.5	1,179	1,136	-5.91 %	96.35 %
2017	1,189	24,058,797	20,234	4.28 %	122	1:9.5	1:9.5	1:9.5	1,187	1,136	0.68 %	95.70 %
2018	1,149	25,139,556	21,880	8.13 %	124	1:9.4	1:9.4	1:9.4	1,149	1,102	-3.20 %	95.91 %
2019	1,140	26,345,361	23,110	5.62 %	135	1:9.5	1:9.5	1:9.4	1,135	1,089	-1.22 %	95.95 %
2020	1,104	26,331,229	23,851	3.21 %	134	1:9.3	1:9.3	1:9.3	1,109	1,080	-2.29 %	97.39 %
2021	1,081	28,086,123	25,982	8.93 %	136	1:7.8	1:7.2	1:7.2	1,071	1,043	-3.43 %	97.42 %
2022	1,083	29,817,233	27,532	5.97 %	139	1:7.2	1:7.3	1:7.3	1,082	1,032	1.03 %	95.38 %
2023	1,115	31,790,536	28,512	3.56 %	140	1:9.1	1:7.9	1:7.9	1,116	1,049	3.14 %	94.00 %
2024	1,127	34,592,733	30,695	7.66 %	145	1:8.3	1:7.7	1:7.7	1,127	1,078	0.99 %	95.65 %

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

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

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

Note: Enrollment based on annual October District count.

Source: Borough of Hillsdale School District records.

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

<u>District Building</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Meadowbrook School (1962)										
Square Feet	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	327	327	319	319	319	319	308	308	308	331
Smith School (1956)										
Square Feet	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950
Capacity (students)	465	465	465	465	465	465	465	465	465	465
Enrollment	309	309	294	294	290	290	291	291	291	303
White School (1922)										
Square Feet	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370
Capacity (students)	752	752	752	752	752	752	752	752	752	752
Enrollment	621	621	576	576	531	531	482	482	482	493
Board Office (1999)										
Square Feet	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820

Number of Schools at June 30, 2024

 Elementary = 2

 Middle School = 1

 Other = 1

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

Source: Borough of Hillsdale School District Board Office.

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

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

School Facilities*	Project # (s)	June 30,									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Ann Blanche Smith	N/A	\$ 95,321	\$ 84,790	\$ 93,033	\$ 91,002	\$ 89,466	\$ 101,150	\$ 107,320	\$ 93,725	\$ 217,939	\$ 206,232
George G. White	N/A	206,640	102,914	327,830	114,179	148,191	172,261	141,078	124,966	139,853	187,502
Meadowbrook	N/A	90,214	73,428	105,413	87,834	97,056	101,174	179,496	160,114	218,784	164,948
Total School Facilities		392,175	261,132	526,276	293,015	334,713	374,585	427,894	378,805	576,576	558,682
<u>Other Facilities</u>											
Board Office	N/A	8,301	6,967	8,936	10,242	14,150	20,676	14,379	11,716	18,949	13,835
Grand Total		\$ 400,476	\$ 268,099	\$ 535,212	\$ 303,257	\$ 348,863	\$ 395,261	\$ 442,273	\$ 390,521	\$ 595,525	\$ 572,517

N/A - Not Applicable.

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

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2024
UNAUDITED

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

Source: Borough of Hillsdale School District records.

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Hillsdale School District (the "District"), in the County of Bergen, as of and for the fiscal year ended June 30, 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 October 29, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
Page 2

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mount Arlington, New Jersey
October 29, 2024

Nisiroccia LLP
NISIVOCIA LLP

John J. Mooney

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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

The Honorable President and Members
 of the Board of Education
 Borough of Hillsdale School District
 Page 3

Report on Internal Control Over Compliance

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

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

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

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

Mount Arlington, New Jersey
 October 29, 2024

Nisivoccia LLP
 NISIVOCCIA LLP

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Enterprise Fund:	Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024						
						Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Amounts Paid to Subrecipients
U.S. Department of Agriculture:															
Passed-through State Department of Agriculture:															
Child Nutrition Cluster:															
U.S.D.A. Commodities Program		10.555	N/A	7/1/23-6/30/24	\$ 30,955				\$ 30,955	\$ (29,181)			\$ 1,774		
U.S.D.A. Commodities Program		10.555	N/A	7/1/22-6/30/23	26,612			\$ 3,635		(3,635)					
COVID 19 - Supply Chain Assistance		10.555	N/A	7/1/22-9/30/24	92,343			30,329	29,831	(60,160)					
National School Lunch Program		10.555	N/A	7/1/23-6/30/24	62,488				59,321	(62,488)		\$ (3,167)			
National School Lunch Program		10.555	N/A	7/1/22-6/30/23	95,430				4,763						
Total Child Nutrition Cluster								33,964	124,870	(155,464)		(3,167)	1,774		
COVID 19 - Pandemic EBT Administrative Costs		10.649	N/A	7/1/23-6/30/24	653				653	(653)					
Local Food for Schools		10.185	N/A	7/1/23-6/30/24	1,246				1,246	(1,246)					
									1,899	(1,899)					
Total U.S. Department of Agriculture/Enterprise Fund								33,964	126,769	(157,363)		(3,167)	1,774		
Special Revenue Fund:															
U.S. Department of Education:															
Passed-through State Department of Education:															
Special Education Cluster:															
I.D.E.A. Part B, Basic		84.027A	IDEA-2180-24	7/1/23-9/30/24	344,172				309,917	(330,722)		(20,805)			
I.D.E.A. Part B, Basic		84.027A	IDEA-2180-23	7/1/22-9/30/23	308,888				103					\$ 3,528	
I.D.E.A. Part B, Basic		84.027A	IDEA-2180-20	7/1/19-9/30/20	284,520										
I.D.E.A. Part B, Preschool		84.173A	IDEA-2180-24	7/1/23-9/30/24	32,779				29,897	(29,897)					
Total Special Education Cluster									339,917	(360,619)		(20,805)		3,528	
Education Stabilization Fund:															
COVID-19 - CRRSA - ESSER II		84.425D	N/A	3/13/20-9/30/23	338,096				135,246						
COVID-19 - ARP - ESSER III		84.425U	N/A	3/13/20-9/30/24	759,849				53,147	(54,035)		(554,012)			
COVID-19 - ARP - Accelerated Learning Coaching and Educator Support		84.425U	N/A	3/13/20-9/30/24	91,032				11,900	(68,932)		(57,032)			
COVID-19 - ARP - Evidence-Based Summer Learning and Enrichment Activities		84.425U	N/A	7/1/21-9/30/24	40,000				35,040	(35,158)		(118)			
Total Educational Stabilization Fund									235,333	(158,125)		(611,162)		3,528	
Elementary and Secondary Education Act:															
Title I		84.010A	ESEA-2180-24	7/1/23-9/30/24	97,430				82,736	(84,289)		(1,553)			
Title I		84.010A	ESEA-2180-23	7/1/22-9/30/23	85,862				8,250						
Title IIA		84.367A	ESEA-2180-24	7/1/23-9/30/24	31,633				26,850	(30,033)		(3,183)			
Title IIA		84.367A	ESEA-2180-23	7/1/22-9/30/23	45,709				26,808						
Title III		84.365	ESEA-2180-23	7/1/22-9/30/23	3,116				1,518	(626)	\$ (2)				
Total Elementary and Secondary Education Act									146,162	(114,948)	(2)	(4,736)			
Total U.S. Department of Education									721,412	(633,692)	(2)	(636,703)		3,528	
Total Special Revenue Fund									721,412	(633,692)		(636,703)			
Total Federal Financial Awards									\$ 848,181	\$ (791,055)	\$ (2)	\$ (639,870)	\$ 1,774	\$ 3,528	\$ -0-
N/A - Not Available/Applicable															

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Cash Received	Budgetary Expenditures	Paid to Grantor	Balance at June 30, 2024			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	
<u>State Department of Education:</u>													
General Fund State Aid:													
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	\$ 126,575	\$ (10,853)			\$ 10,853						\$ 126,575
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	11,741	(1,007)			1,007						11,741
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	1,012,087	(86,780)			86,780						1,012,087
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	55,927	(4,795)			4,795						55,927
Extraordinary Special Education Costs Aid	23-495-034-5120-044	7/1/22-6/30/23	427,166	(427,166)			427,166						427,166
Reimbursement of Nonpublic School Transportation Costs	23-495-034-5120-014	7/1/22-6/30/23	4,992	(4,992)			4,992						4,992
Reimbursed TPAF Social Security Contributions	23-495-034-5095-003	7/1/22-6/30/23	876,274	(43,582)			43,582						876,274
Transportation Aid	24-495-034-5120-014	7/1/23-6/30/24	126,575				115,462	\$ (126,575)				\$ (11,113)	126,575
Equalization Aid	24-495-034-5120-078	7/1/23-6/30/24	11,741				10,710	(11,741)				(1,031)	11,741
Special Education Aid	24-495-034-5120-089	7/1/23-6/30/24	1,183,549				1,079,640	(1,183,549)				(103,909)	1,183,549
Security Aid	24-495-034-5120-084	7/1/23-6/30/24	55,927				51,017	(55,927)				(4,910)	55,927
Extraordinary Special Education Costs Aid	24-495-034-5120-044	7/1/23-6/30/24	475,923					(475,923)		\$ (475,923)		(475,923)	475,923
Reimbursement of Nonpublic School Transportation Costs	24-495-034-5120-014	7/1/23-6/30/24	4,550					(4,550)		(4,550)		(4,550)	4,550
Reimbursed TPAF Social Security Contributions	24-495-034-5095-003	7/1/23-6/30/24	920,679				875,450	(920,679)		(45,229)		(45,229)	920,679
TPAF Pension Contributions (On-Behalf - Non-Budgeted)	24-495-034-5094-002	7/1/23-6/30/24	4,255,519				4,255,519	(4,255,519)					4,255,519
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	24-495-034-5094-001	7/1/23-6/30/24	1,171,405				1,171,405	(1,171,405)					1,171,405
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	24-495-034-5094-004	7/1/23-6/30/24	48,532				48,532	(48,532)					48,532
TPAF Long Term Disability Insurance (On-Behalf - Non-Budgeted)	24-495-034-5094-004	7/1/23-6/30/24	1,428				1,428	(1,428)					1,428
Total General Fund				(579,175)			8,188,338	(8,255,828)		(525,702)		(646,665)	10,770,590
<u>Special Revenue Fund:</u>													
Climate Awareness Grant	N/A	7/1/22-6/30/23	6,660		\$ 10				\$ 10				6,660
Nonpublic Auxiliary Services:													
Compensatory Education	24-100-034-5120-066	7/1/23-6/30/24	57,093				57,093	(55,205)		\$ 1,888			55,205
Compensatory Education	23-100-034-5120-066	7/1/22-6/30/23	130,358						77,153				53,205
Nonpublic Handicapped Services:													
Examination and Classification	24-100-034-5120-066	7/1/23-6/30/24	38,860				38,860	(18,574)		20,286			18,574
Supplementary Instruction	24-100-034-5120-066	7/1/23-6/30/24	32,085				32,085	(32,085)					32,085
Corrective Speech	24-100-034-5120-066	7/1/23-6/30/24	24,780				24,780	(20,138)		4,642			20,138
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	57,638						45,501				12,137
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	60,915				60,915		35,808				25,110
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	36,757				36,757		16,535				20,222
Nonpublic Textbook Aid	24-100-034-5120-509	7/1/23-6/30/24	10,984					(10,540)		444			10,540
Nonpublic Technology Initiative	24-100-034-5120-373	7/1/23-6/30/24	9,310					(9,289)		21			9,289
Nonpublic Nursing	24-100-034-5120-070	7/1/23-6/30/24	25,080				25,080	(25,080)					25,080
Nonpublic Security Aid	24-100-034-5120-509	7/1/23-6/30/24	42,845				42,845	(42,845)					42,845
Nonpublic Textbook Aid	23-100-034-5120-509	7/1/22-6/30/23	11,484						8				11,476
Nonpublic Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	7,308						8				7,300
Nonpublic Nursing	23-100-034-5120-070	7/1/22-6/30/23	22,176						1,194				20,982
NJ SDA Emergent and Capital Maintenance Needs	N/A	7/1/23-6/30/24	24,609				24,609	(24,609)					24,609
Total Special Revenue Fund					176,217		265,646	(238,365)	176,217		27,281		395,447

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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 at June 30, 2023			Balance at June 30, 2024			MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable
Food Service Fund:											
State School Lunch Program	24-100-010-3350-023	7/1/23-6/30/24	\$ 5,055			\$ 4,803	\$ (5,055)		\$ (252)	\$	\$ 5,055
State School Lunch Program - NJEIE	24-100-010-3350-023	7/1/23-6/30/24	589			589	(589)				589
State School Lunch Program	23-100-010-3350-023	7/1/22-6/30/23	5,539	\$ (293)		293					5,539
Total Food Service Fund				(293)		5,685	(5,644)		(252)		11,183
Total State Awards				\$ (579,468)	\$ 176,217	\$ 8,459,669	\$ (8,499,837)	\$ 176,217	\$ (525,954)	\$ 27,281	\$ 11,177,220
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23-6/30/24	\$ (4,255,519)				\$ 4,255,519				
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23-6/30/24	(1,171,405)				1,171,405				
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23-6/30/24	(48,532)				48,532				
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23-6/30/24	(1,428)				1,428				
Subtotal - On-Behalf TPAF Pension System Contributions							5,476,884				
Total State Awards Subject to Single Audit Determination							\$ (3,022,953)				

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,528) for the general fund, and (\$11,916) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,238,300	\$ 8,238,300
Special Revenue Fund	\$ 626,970	233,171	860,141
Enterprise Fund	<u>157,363</u>	<u>5,644</u>	<u>163,007</u>
Total Financial Assistance	<u>\$ 784,333</u>	<u>\$ 8,477,115</u>	<u>\$ 9,261,448</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

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

BOROUGH OF HILLSDALE SCHOOL DISTRICT
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
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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
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____	Yes	_____ X _____	No
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Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		

Federal:

Special Revenue Fund:

Special Education Cluster:

I.D.E.A. Part B, Basic	84.027A	7/1/23	9/30/24	\$ 344,172	\$ 330,722
I.D.E.A. Part B, Preschool	84.173A	7/1/23	9/30/24	32,779	29,897

Dollar threshold used to distinguish between Type A and B programs	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____	No
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BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

(Continued)

State Awards

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

Internal control over major programs:

1.) Material weakness identified?	<u> </u> Yes	<u> </u> X	No
2.) Significant deficiencies identified?	<u> </u> Yes	<u> </u> X	None reported
Noncompliance material to basic financial statements noted?	<u> </u> Yes	<u> </u> X	No
Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?	<u> </u> Yes	<u> </u> X	No

Identification of major programs:

<u>Program Name or Cluster</u>	<u>State Grant No.</u>	<u>Grant Period</u>		<u>Award Amount</u>	<u>Budgetary Expenditures</u>
		<u>Start</u>	<u>End</u>		
<u>General Fund:</u>					
State Aid Public:					
Equalization Aid	24-495-034-5120-078	7/1/23	6/30/24	\$ 11,741	\$ 11,741
Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	1,183,549	1,183,549
Security Aid	24-495-034-5120-084	7/1/23	6/30/24	55,927	55,927
Dollar threshold used to distinguish between Type A and B programs				<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	<u> </u> Yes			<u> </u> X	No

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year audit findings.