

**HILLSIDE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Hillside, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Hillside Board of Education  
Hillside, New Jersey  
For The Fiscal Year Ended June 30, 2018**

**Prepared by  
Business Office**

**HILLSIDE BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

**FINANCIAL SECTION**

Independent Auditor's Report	9-11
------------------------------	------

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	12-24
--------------------------------------	-------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	25
A-2 Statement of Activities	26

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	27-28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	30

*Proprietary Funds*

B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35

<b>Notes to the Financial Statements</b>	36-76
--	-------

**HILLSIDE BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	77-85
C-2	Budgetary Comparison Schedule – Special Revenue Fund	86

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II**

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	87
-----	--	----

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	88
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	89
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	90
L-4	Notes to Required Supplementary Information	91
L-5	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	92
L-6	Notes to Required Supplementary Information	93

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules (Not Applicable)**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis	94-96
E-2	Schedule of Preschool Education Aid – Budgetary Basis	97

**HILLSIDE BOARD OF EDUCATION  
TABLE OF CONTENTS**

<b>OTHER SUPPLEMENTARY INFORMATION (Continued)</b>		<u><b>Page</b></u>
<b>F. Capital Projects Fund</b>		
F-1	Summary Schedule of Project Expenditures	98
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	99
F-2A	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance- Hillside High School	100
F-2B	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – Walter O. Krumbiegel Middle School	101
F-2C	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – Hurden Looker Elementary School	102
F-2D	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – AP Morris Early Childhood Center	103
F-2E	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – George Washington Elementary School	104
F-2F	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Renovation and Addition – George Washington Elementary School	105
<b>G. Proprietary Funds</b>		
<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Position – N/A	106
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – N/A	106
G-3	Combining Statement of Cash Flows – N/A	106
<i>Internal Service Fund</i>		
G-4	Combining Statement of Net Position – N/A	107
G-5	Combining Statement of Revenues, Expenses and Changes in Net Assets – N/A	107
G-6	Combining Statement of Cash Flows – N/A	107
<b>H. Fiduciary Funds</b>		
H-1	Combining Statement of Agency Fund Assets and Liabilities	108
H-2	Combining Statement of Changes in Net Position – N/A	108
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	109
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	109
<b>I. Long-Term Debt</b>		
I-1	Schedule of Serial Bonds – N/A	110
I-2	Schedule of Obligations under Capital Leases	111
I-3	Debt Service Fund Budgetary Comparison Schedule – N/A	112

**HILLSIDE BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**OTHER SUPPLEMENTARY INFORMATION (Continued)**

**J. STATISTICAL SECTION (Unaudited)**

J-1	Net Position by Component	113
J-2	Changes in Net Position	114-115
J-3	Fund Balances – Governmental Funds	116
J-4	Changes in Fund Balances - Governmental Funds	117
J-5	General Fund Other Local Revenue by Source	118
J-6	Assessed Value and Actual Value of Taxable Property	119
J-7	Direct and Overlapping Property Tax Rates	120
J-8	Principal Property Taxpayers	121
J-9	Property Tax Levies and Collections	122
J-10	Ratios of Outstanding Debt by Type	123
J-11	Ratios of Net General Bonded Debt Outstanding	124
J-12	Direct and Overlapping Governmental Activities Debt	125
J-13	Legal Debt Margin Information	126
J-14	Demographic and Economic Statistics	127
J-15	Principal Employers	128
J-16	Full-Time Equivalent District Employees by Function/Program	129
J-17	Operating Statistics	130
J-18	School Building Information	131
J-19	Schedule of Required Maintenance for School Facilities	132
J-20	Insurance Schedule	133

**K. SINGLE AUDIT SECTION**

K-1	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 Auditor's Report	134-135
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures Of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 - Independent Auditor's Report	136-138
K-3	Schedule of Expenditures of Federal Awards	139
K-4	Schedule of State Financial Assistance	140-141
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	142-143
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	144-145
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	146
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	147-148
K-8	Summary Schedule of Prior Year Findings	149

## **INTRODUCTORY SECTION**

# HILLSIDE PUBLIC SCHOOLS

*"Aspire to Inspire"*

*Antoine L. Gayles, Ed.D.  
Superintendent of Schools*

*Dr. David Eichenholz  
Interim Business Administrator; Board Secretary*

January 22, 2019

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

Dear Board Members and the Citizens of the District of Hillside:

The comprehensive annual financial report of the Hillside School District for the fiscal year ended June 30, 2018 is hereby submitted for your review. Responsibility for the accuracy of the data and the completeness and fairness of the presentation including disclosures, rests with the management of the Board of Education. To the best of our knowledge and understanding as of June 30, 2018, the data presented in this report is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the various funds of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES:** The Hillside School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included. The district provides a full range of services appropriate to grade levels Pre-kindergarten through Grade 12. There is also a Special Education Preschool Handicap program. District services are provided to regular, vocational and special education students. The following details the changes in the student enrollment of the Hillside Public Schools over the last ten years.

*Office of the Superintendent, Hillside Public Schools  
195 Virginia Street, Hillside, NJ 07205  
Ph: 908/352-7664 x 6400, AGayles@hillsidek12.org*



<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Average Daily Attendance</b>	<b>Attendance Percentage</b>
2017-18	3033	2858	94.24%
2016-17	3073	2898	94.31%
2015-16	3140	2853	90.9%
2014-15	3084	2920	94.0%
2013-14	3038	2834	93.41%
2012-13	3018	2812	93.5%
2011-12	3105	2906	92.3%
2010-11	3123	2906	93.5%
2009-10	3140	2914	93.5%
2008-09	3131	2933	93.9%

**Economic Condition and Outlook**

The Township of Hillside is a community with a mixed economy and changing demographic trends. The student population as of September 30, 2018 is currently 3,090. The Township and the school district experience slight fluctuations in its demographic due to turnover in housing and the recent hurricane in Puerto Rico, which have brought new students into the district.

As of November 1, 2017, the district partnered with Little Bears Child Care Center, expanding Pre-K 3 services to the community, by providing 15 slots for Pre-K 3 and AP Morris Early Childhood Center students and providing 15 slots Dual Language immersion at AP Morris Early Childhood Center, adding to the district's six existing schools: AP Morris Early Childhood Center (Pre-K 4 – Grade 1), Calvin Coolidge (Grade 2), Hurden Looker (Grades 3 & 4), George Washington Grades (5 & 6), Walter O. Krumbiegel Middle School (Grades 7 & 8), and Hillside High School (Grades 9-12).

In addition to quality instruction, school facilities continue to be a major focus for the district. We completed several interior and exterior facilities projects to enhance the instructional environment and improve safety in our schools. These initiatives included upgraded security cameras, fencing and sidewalk repairs, auditorium repairs and renovations at our middle school, parking lot resurfacing and landscaping. The district's Long Range Facilities Plan will be amended to include ADA accessibility at all school sites, upgraded electrical service, HVAC upgrades, turf athletic field, a new gym floor at our middle school, window and door replacements, which have now been completed except for the window and door replacement projects.

The annual operating budget for the 2017-18 school year included a 0% tax levy, however, through continued fiscal efficiency and college partnerships, the Board of Education continues to invest in its educational programming, always looking to improve students' proficiency in collaborating, thinking critically to problem-solve.

## **DEMOGRAPHICS OF STUDENT-POPULATION**

<b>African American</b>	<b>66%</b>
<b>White</b>	<b>10%</b>
<b>Hispanic</b>	<b>22%</b>
<b>Other</b>	<b>4%</b>

### **Major Initiatives:**

The district plan for improvement began with the implementation of the district goals:

To improve students problem-solving and critical thinking skills, Hurden Looker and George Washington Elementary Schools implemented Everyday Mathematics for students in grades 3-5. Professional staff development complemented the integration of new math standards with the new scope and sequence for Everyday Math. In grades 6-12 students received additional support in mathematics and language arts via academic labs. Students were assigned to labs based on academic need and interest. Other academic milestones included, 2<sup>nd</sup> grade Saturday STEM Academy partnership with Kean University, the Afterschool Book Club and our renewed partnership with the United Way and Family Success Center. These initiatives were all designed to provide comprehensive academic and social service support to our students and families. We continue to strengthen our college partnerships. In the next school year Hillside High School will offer its first 3 college credit dual enrollment course in partnership with NJIT. The district collaborated with NJIT and two other New Jersey school districts and won a \$300,000 competitive National Science Foundation grant to expand the popular Girls Rock Science Club that currently exists in our elementary schools. The goal of the grant is to replicate Girls Rock Science in two other districts in an effort to increase the representation of females in STEAM.

Hillside Public Schools also received over \$200,000 to expand our pre-school program to three year olds. The program will begin on November 1, 2018 and has 15 early learners enrolled.

Teachers used the latest classroom applications such as Google Classroom to compliment teaching and learning activities. Teacher-leaders served as facilitators to demonstrate instructional best practices using technology, Project Based Learning.

Along with refining our instructional focus, Hillside Public Schools is undergoing an amazing facilities upgrade. The expansion of George Washington Elementary School will include four new state of the art classrooms and gymnasium. With a reconfiguration of our intermediate and middle schools complete, the redesigned facility will help us achieve the goal of our classrooms becoming laboratories for student success, in which they can engage in hands-on, minds-on experiential learning activities. New flooring, fencing, walkways, windows, doors and security cameras enhance our ability to provide a safe, clean, nurturing environment for students to learn and grow.

The core mission of the Hillside Public Schools continues to be elevating the achievement of all students. We continue to focus on strengthening all academic areas, student/teacher performance, seeking and implementing innovative programs. We recognize the need to balance competing priorities. We are extremely grateful that public education continues to be a priority in Hillside and the School Board believes that maintaining a top quality system of public schools is critical to the success of the students we serve.

We are excited to continue our Project Lead the Way (PLTW) initiative at the middle and high school levels to enhance the STEM initiative. Project Lead the Way (PLTW) empowers students to develop and apply, transportable skills by exploring real-world challenges. Students not only learn technical skills, but also learn to solve problems, think critically and creatively, communicate, and collaborate (PLTW.org, 2016). Beginning in the 2017-18 school year, STEM in the Hillside Public School District will evolve into iSTEAM in grades Kindergarten to 12. Teachers have begun developing ideas for maker spaces with their respective schools and preparing students for scientific competitions such as the Science Decathlon and participation in the Waksman

Institute Student Scholars Program. In addition to Project Read in grades Pre-K – 1, we have incorporated a new benchmark assessment tool, iReady. iReady is an interactive computer based literacy program designed to improve literacy while playing games. The technology is adaptive in nature, providing more challenging questions as students answer questions correctly. Students in grades 7 and 8 are piloting Achieve3000. Student progress in literacy and numeracy will be assessed throughout the year using Measures of Academic Progress (MAPS). We have reintroduced handwriting in the 3<sup>rd</sup> grade; revised our Science, Mathematics and Technology curricula in grades 6-12 to provide students with more rigorous academic experiences.

Our teachers remain active participants in the Partnership for Systemic Change with neighboring school districts. One hundred teachers engage in activities to build their knowledge of and capacity around the Next Generation Science Standards (NGSS). Teachers simulate authentic science investigations, using practices and cross-cutting concepts that allow for deeper understanding of the disciplinary core ideas in science.

**INTERNAL ACCOUNTING CONTROLS:** The District endeavors to provide a system of checks and balances by which the Business Administrator can make expenditure decisions for the School District. The District is to be protected from loss, theft or misuse. Adequate accounting data are compiled to allow for the preparation of financial statements to conform to Generally Accepted Accounting Principles (GAAP). The District recognizes the concept of reasonable assurance that states that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance the District is responsible for ensuring the compliance with applicable laws and regulations related to those programs.

**BUDGETARY CONTROLS:** The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget acted on by the voters of the Township. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets are approved for 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. These amounts to be re-appropriated are reported as reservations of fund balances at June 30, 2018.

**ACCOUNTING SYSTEM REPORTS:** The District's accounting records reflect the generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds.

**DEBT ADMINISTRATION:** As of June 30, 2018, the District had, \$4,120,000 outstanding on a capital lease secured in 2015-16, which in conjunction with capital reserve funds, are being used to pay for renovations and an addition to the George Washington School. The District had no other outstanding long term debt at year-end.

**CASH MANAGEMENT:** The investment practice of the District is guided in large part by state statutes as detailed in "Notes to the Financial Statements". 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). This law was enacted in 1970 to protect banking institutions 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.

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

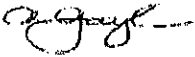
**OTHER INFORMATION:**

**INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The board selected the independent firm of Lerch, Vinci & Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related Uniform Guidance and State Treasury Circular Letter 15-08 OMB. The auditors' report on the basic financial statements is included in the financial section of this report.

**ACKNOWLEDGEMENTS:**

The Hillside School Board is to be recognized for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing its full support to the development and maintenance of our financial operations. The preparation and content of this report could not have been accomplished without the services of the District's financial, accounting and management staff.

Respectfully submitted,

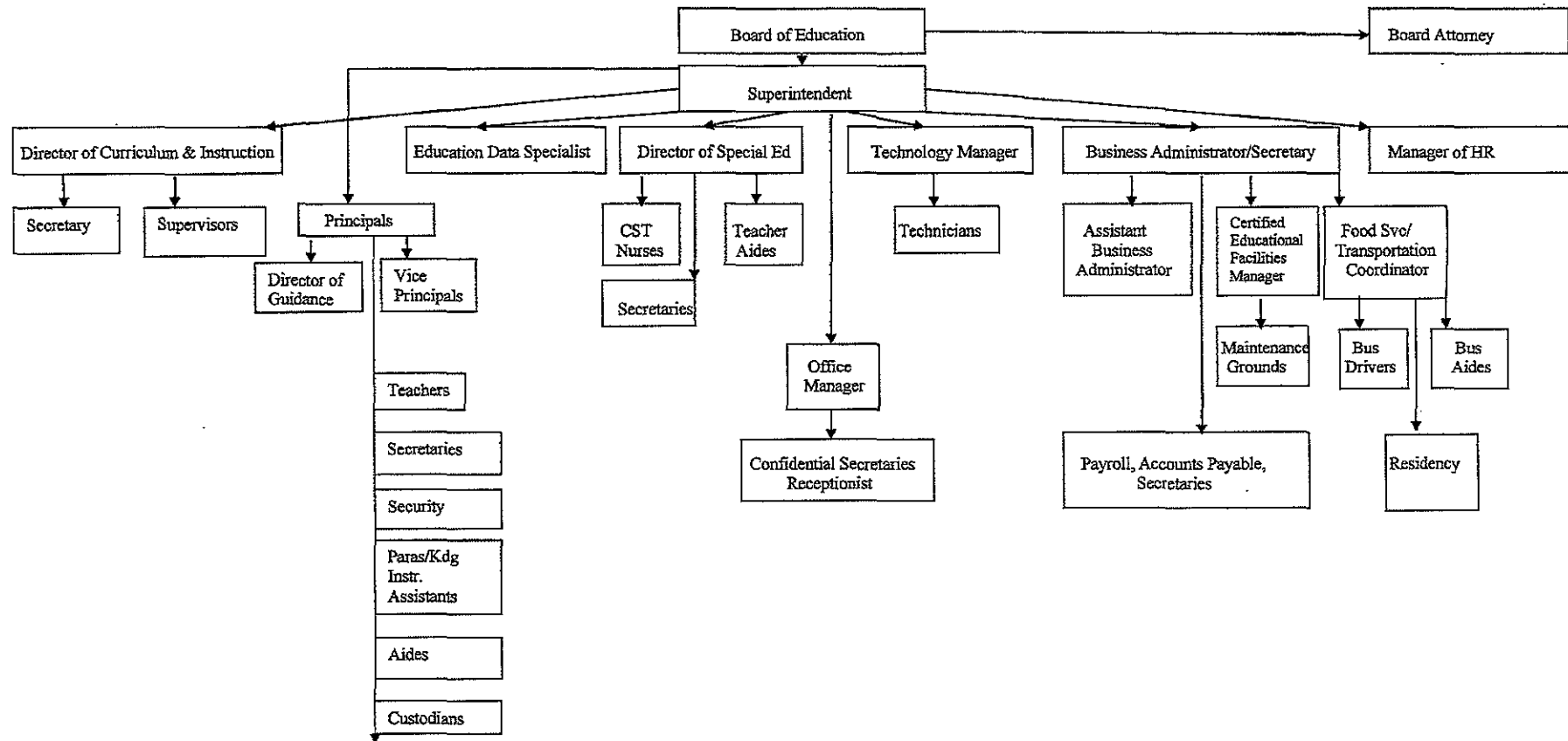


Antoine L. Gayles, Ed.D.  
Superintendent of Schools



Dr. David Eichenholtz  
Interim Business Administrator/Board Secretary

### Organization of Personnel and Reporting Responsibilities Hillside Public Schools



**HILLSIDE SCHOOL DISTRICT  
HILLSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Hawaiian Thompson-Epps, President	2018
Kisha Chiles-Bass, Vice President	2018
Juan Allende	2019
Joel Chapman	2019
Calvin Lofton	2020
Angela Menza	2020
Joi Stanley	2019
Shalanda Thomas	2020
Rayba Watson	2019

Other Officials

Dr. Antoine Gayles, Superintendent of Schools  
Darice Gonzalez, Business Administrator/Board Secretary (to 6/30/18)  
Machado Law Group, Board Attorney  
Adams, Gutierrez & Lattiboudere, LLC, Labor Attorney

**HILLSIDE SCHOOL DISTRICT  
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2018**

**ATTORNEY**

Machado Law Group  
136 Central Avenue  
Clark, NJ 07066

Adams Stern Gutierrez & Lattiboudere, LLC  
The Legal Center  
1037 Raymond Boulevard, Suite 710  
Newark, New Jersey 07102

**AUDIT FIRM**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208  
Fair Lawn, New Jersey 07410

**OFFICIAL DEPOSITORY**

Investors Bank

## **FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Hillside Board of Education  
Hillside, New Jersey

### **Report on the Financial Statements**

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 Hillside Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of June 30, 2018, 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.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Hillside Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

## *Other Information*

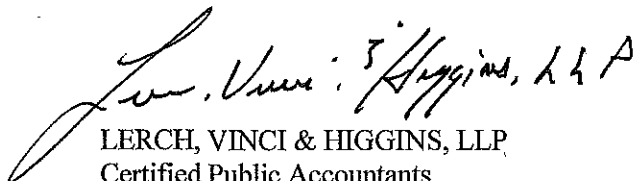
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hillside Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal 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 (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey 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 of the Hillside Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

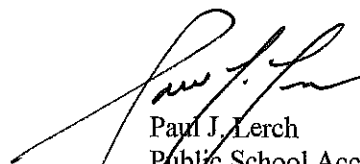
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2019 on our consideration of the Hillside Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hillside Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hillside Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
February 15, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018**

This discussion and analysis of the Hillside School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- District-Wide - Overall revenues were \$77,231,736. General revenues accounted for \$50,015,096 or 65 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$27,216,640 or 35 percent of total revenues of \$77,231,736.
- District-Wide - The School District had \$76,656,681 in expenses; only \$27,216,640 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$50,015,096 were adequate to provide for these programs.
- Fund Financials – As of the close of the current fiscal year, the Hillside Board of Education's governmental funds reported combined ending fund balances of \$4,952,632, a decrease of \$47,378 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2018, unassigned fund balance for the General Fund was \$(1,126,412), a decrease of \$42,922.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditors’ Report, required supplementary information which includes the management’s discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Hillside Board of Education’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Hillside Board of Education, reporting the Hillside Board of Education’s operation in more detail than the district-wide statements.
  - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the Hillside Board of Education operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Table A-1 summarizes the major features of the Hillside Board of Education’s financial statements, including the portion of the Hillside Board of Education’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Table A-1** Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position, Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and Economic resources focus
Type of asset/deferred inflows/outflows of resources and liability information	All assets deferred outflows of resources deferred inflows of resources 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 or long-term liabilities included	All assets deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

**District-wide Statements**

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the Hillside Board of Education’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Hillside Board of Education’s assets deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District’s property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.



**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**District-wide Statements (Continued)**

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

**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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

**Governmental Funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to 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, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**Fund Financial Statements (Continued)**

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Scholarship Fund, Unemployment Trust Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE HILLSIDE BOARD OF EDUCATION AS A WHOLE**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2018 and 2017 which for 2018 and 2017 were \$6,026,479 and \$5,451,424, respectively (see Table A-2).

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District has retired all of their capital leases associated with acquiring these capital assets. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE HILLSIDE BOARD OF  
EDUCATION AS A WHOLE (Continued)**

Table A-1  
Statement of Net Position  
As of June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current and Other Assets	\$ 7,321,478	\$ 7,308,908	\$ 789,845	\$ 758,710	\$ 8,111,323	\$ 8,067,618
Capital Assets	<u>23,114,743</u>	<u>22,929,494</u>	<u>107,837</u>	<u>104,728</u>	<u>23,222,580</u>	<u>23,034,222</u>
<b>Total Assets</b>	<u>30,436,221</u>	<u>30,238,402</u>	<u>897,682</u>	<u>863,438</u>	<u>31,333,903</u>	<u>31,101,840</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>5,011,117</u>	<u>6,441,186</u>	<u>-</u>	<u>-</u>	<u>5,011,117</u>	<u>6,441,186</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>35,447,338</u>	<u>36,679,588</u>	<u>897,682</u>	<u>863,438</u>	<u>36,345,020</u>	<u>37,543,026</u>
<b>Liabilities</b>						
Current Liabilities	2,375,256	2,317,369	247,063	213,992	2,622,319	2,531,361
Non-Current Liabilities	<u>23,935,238</u>	<u>29,554,347</u>	<u>-</u>	<u>-</u>	<u>23,935,238</u>	<u>29,554,347</u>
<b>Total Liabilities</b>	<u>26,310,494</u>	<u>31,871,716</u>	<u>247,063</u>	<u>213,992</u>	<u>26,557,557</u>	<u>32,085,708</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	3,756,716	-	-	-	3,756,716	-
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>4,268</u>	<u>5,894</u>	<u>4,268</u>	<u>5,894</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>30,067,210</u>	<u>31,871,716</u>	<u>251,331</u>	<u>219,886</u>	<u>30,318,541</u>	<u>32,091,602</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	18,994,743	17,697,811	107,837	104,728	19,102,580	17,802,539
Restricted	4,532,602	4,379,528	-	-	4,532,602	4,379,528
Unrestricted	<u>(18,147,217)</u>	<u>(17,269,467)</u>	<u>538,514</u>	<u>538,824</u>	<u>(17,608,703)</u>	<u>(16,730,643)</u>
<b>Total Net Position</b>	<u>\$ 5,380,128</u>	<u>\$ 4,807,872</u>	<u>\$ 646,351</u>	<u>\$ 643,552</u>	<u>\$ 6,026,479</u>	<u>\$ 5,451,424</u>

**Governmental activities.** Governmental activities increased the District's net position by \$572,256. Key elements of this decrease are as follows: (see Table A-2)

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE HILLSIDE BOARD OF  
EDUCATION AS A WHOLE (Continued)**

Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 32,459	\$ 73,163	\$ 411,023	\$ 414,694	\$ 443,482	\$ 487,857
Operating Grants and Contributions	25,265,637	22,827,051	1,222,126	1,217,962	26,487,763	24,045,013
Capital Grants & Contributions	285,395	-			285,395	-
General Revenues						
Property Taxes	29,927,936	29,927,936			29,927,936	29,927,936
State and Federal Aid - Unrestricted	19,765,400	19,156,699			19,765,400	19,156,699
Miscellaneous	321,760	107,314	-	-	321,760	107,314
<b>Total Revenues</b>	<u>75,598,587</u>	<u>72,092,163</u>	<u>1,633,149</u>	<u>1,632,656</u>	<u>77,231,736</u>	<u>73,724,819</u>
<b>Expenses</b>						
Instruction						
Regular	32,741,063	32,057,954			32,741,063	32,057,954
Special Education	10,990,620	11,299,422			10,990,620	11,299,422
Other Instruction	1,924,003	1,845,336			1,924,003	1,845,336
School Sponsored Activities and Ath.	826,233	797,057			826,233	797,057
Support Services						
Student and Instruction Related Serv.	9,977,950	9,424,472			9,977,950	9,424,472
Attendance and Social Work	150,500	50,038			150,500	50,038
Educational Media/School Library	1,087,480	1,124,224			1,087,480	1,124,224
General Administrative Services	2,032,639	1,313,806			2,032,639	1,313,806
School Administrative Services	4,911,264	5,036,336			4,911,264	5,036,336
Plant Operations and Maintenance	7,210,105	6,237,423			7,210,105	6,237,423
Pupil Transportation	1,745,975	1,780,843			1,745,975	1,780,843
Central Services and Info. Technology	1,335,068	1,407,913			1,335,068	1,407,913
Interest on Long-Term Debt	93,431	118,687			93,431	118,687
Food Services	-	-	1,630,350	1,505,700	1,630,350	1,505,700
<b>Total Expenses</b>	<u>75,026,331</u>	<u>72,493,511</u>	<u>1,630,350</u>	<u>1,505,700</u>	<u>76,656,681</u>	<u>73,999,211</u>
Change in Net Position	572,256	(401,348)	2,799	126,956	575,055	(274,392)
Net Position, Beginning of Year	<u>4,807,872</u>	<u>5,209,220</u>	<u>643,552</u>	<u>516,596</u>	<u>5,451,424</u>	<u>5,725,816</u>
Net Position, End of Year	<u>\$ 5,380,128</u>	<u>\$ 4,807,872</u>	<u>\$ 646,351</u>	<u>\$ 643,552</u>	<u>\$ 6,026,479</u>	<u>\$ 5,451,424</u>

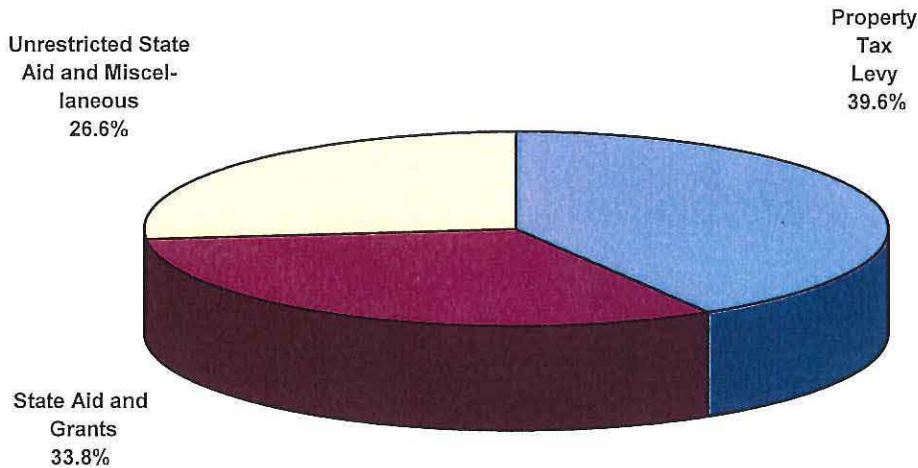
**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE HILLSIDE BOARD OF EDUCATION AS A WHOLE (Continued)**

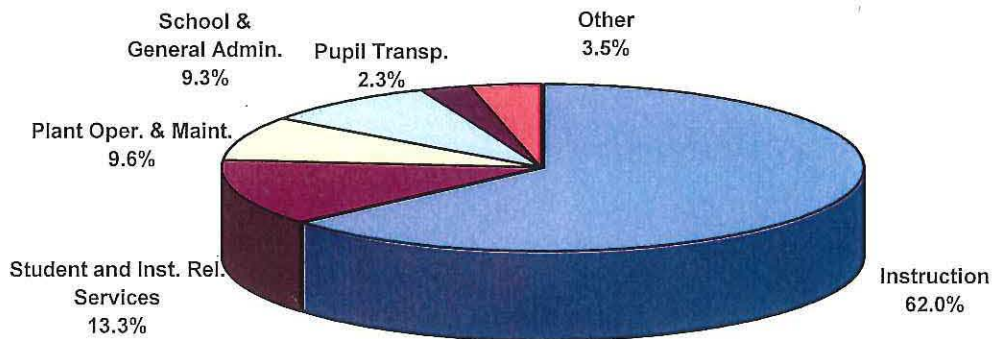
**Governmental activities.** The District's total governmental revenues were \$75,598,587. General revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$50,015,096 or 66% of total revenues. Program revenue from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$25,583,941 or 34%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$46,481,919 (62%), support services totaled \$28,450,981 (38%) and Debt Service totaled \$93,431 (less than 1%). (See Table A-2.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2018



Expenditures by Type- Governmental Activities  
For Fiscal Year 2018



**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE HILLSIDE BOARD OF EDUCATION AS A WHOLE (Continued)**

**Governmental activities (Continued)**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Governmental Activities</b>				
<b>Instruction</b>				
Regular	\$ 32,741,063	\$ 32,057,954	\$ 21,792,717	\$ 20,967,919
Special Education	10,990,620	11,299,422	4,908,148	5,976,855
Other Instruction	1,924,003	1,845,336	932,487	867,295
School Sponsored Activities and Athletics	826,233	797,057	758,529	797,057
<b>Support Services</b>				
Student and Instruction Related Svcs.	9,977,950	9,424,472	6,063,068	6,367,931
Attendance and Social Work	150,500	50,038	102,480	35,028
Educational Media/School Library	1,087,480	1,124,224	792,737	847,881
General Administrative Services	2,032,639	1,313,806	430,787	1,193,347
School Administrative Services	4,911,264	5,036,336	4,736,243	3,584,099
Plant Operations and Maintenance	7,210,105	6,237,423	6,179,484	5,996,568
Pupil Transportation	1,745,975	1,780,843	1,592,445	1,671,748
Central Services	1,335,068	1,407,913	1,060,284	1,168,882
Interest on Long-Term Debt	93,431	118,687	93,431	118,687
<b>Total Governmental Activities</b>	<b>\$ 75,026,331</b>	<b>\$ 72,493,511</b>	<b>\$ 49,442,840</b>	<b>\$ 49,593,297</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$1,630,350. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a net gain of \$2,799.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$4,952,632. At June 30, 2017, the fund balance was \$5,000,010.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$63,645,279 and expenditures were \$63,692,657.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2018 and 2017.

**Revenues**

	<b>Fiscal</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Years Ended June 30,</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
Local Sources	\$ 30,337,383	\$ 30,124,117	\$ 213,266	0.71%
State Sources	31,434,695	29,377,556	2,057,139	7.00%
Federal Sources	<u>1,873,201</u>	<u>1,882,700</u>	<u>(9,499)</u>	-0.50%
 Total Revenues	 <u>\$ 63,645,279</u>	 <u>\$ 61,384,373</u>	 <u>\$ 2,260,906</u>	 3.68%

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**The District's Funds (Continued)**

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2018 and 2017.

**Expenditures**

	<b>Fiscal</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Years Ended June 30,</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
Current				
Instruction	\$ 36,958,278	\$ 36,424,087	\$ 534,191	1.47%
Support Services	23,939,272	22,789,370	1,149,902	5.05%
Capital Outlay	1,374,615	6,844,378	(5,469,763)	-79.92%
Debt Service	<u>1,420,492</u>	<u>1,424,902</u>	<u>(4,410)</u>	-0.31%
 Total Expenditures	 <u>\$ 63,692,657</u>	 <u>\$ 67,482,737</u>	 <u>\$ (3,790,080)</u>	 -5.62%

**Budgeting Highlights**

The District's budget is prepared according to New Jersey law and follows the Generally Accepted Accounting Principles (GAAP) on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund, Special Revenue Fund (grants and restricted aid) and Enterprise Fund (food services).

**Capital Assets.** At the end of the fiscal years 2018 and 2017, the school district had invested in buildings, furniture, machinery and equipment as stated in Table A-5 as follows:

**Table A-5  
Governmental Activities-Capital Assets  
(net of depreciation) as of June 30**

	<b><u>2018</u></b>	<b><u>2017</u></b>
Construction in Progress	\$ 7,975	\$ 8,904,284
Buildings and Building Improvements	31,728,834	22,335,158
Machinery and Equipment	<u>6,339,332</u>	<u>5,462,084</u>
 Total	 38,076,141	 36,701,526
 Less: Accumulated Depreciation	 <u>14,961,398</u>	 <u>13,772,032</u>
 Total	 <u>\$ 23,114,743</u>	 <u>\$ 22,929,494</u>

Additional information on the District's capital assets can be found in Note 3.



**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**Debt Administration.** As of June 30, 2018 and 2017 the school district had outstanding long-term liabilities as stated in Table A-6.

**Long-term Liabilities**

**Table A-6  
Outstanding Long-Term Liabilities**

	<u>2018</u>	<u>2017</u>
Compensated Absences Payable	\$ 1,099,683	\$ 994,311
Lease Purchase Agreements Payable	4,120,000	5,445,000
Net Pension Liability	<u>18,715,555</u>	<u>23,115,036</u>
 Total	 <u>\$ 23,935,238</u>	 <u>\$ 29,554,347</u>

Additional information on the District's outstanding liabilities can be found in Note 3.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a long history of defeated budgets the overall financial condition of the District has continued to improve from year-to-year. (Note that the Board of Education changed the election to November and for the 2017-18 budget stayed within the 2% tax cap allowed by the State of New Jersey which resulted in no required public vote.) This improvement in the overall financial condition has been due to the sustained diligent review and responsible management of the financial resources of district administration. The District constantly reevaluates its finances in order to address instructional goals and facility maintenance and improvement needs while responding to the local, state and national economic pressures.

For the 2017-18 year, in the category of capital reserve, the board deposited \$1,400,000.

The staff, administration and board continually works to maintain financial and programmatic stability. All stakeholders realize that only through ongoing planning, active budget management, and tight financial controls are the challenges faced by the District addressed. It is with continued pride, confidence and enthusiasm that we reflect on past accomplishments and anticipate future opportunities.

With funds from the 2017-18 fiscal year we continued to upgrade a number of areas in and around the schools. These include renovations and a new addition at George Washington School consisting of four new classrooms, an 8,000 square foot gymnasium and interior renovations to make four small group instructions rooms, new guidance offices, new nurse's suite and an upgraded kitchen. George Washington School is slated to house the 7<sup>th</sup> and 8<sup>th</sup> grades. Five-year lease purchase financing along with capital reserve money is funding this work.

**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)**

Significant concerns remain regarding facilities that have long been neglected due to a long history of budget defeats and resulting financial limitations. The inability to advance a capital campaign for school improvements that would result in a passed referendum, remains an impediment to very significant improvements in the physical plant of the district. Efforts to use a combination of current expense money, capital reserve and lease purchase funding has been the recourse to any physical plant improvement for the advantage of the students, staff and public in general.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, 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 anyone has questions about this report or needs additional financial information, please contact:

Dr. David Eichenholtz  
Interim Business Administrator/Board Secretary  
Hillside Board of Education  
195 Virginia Street  
Hillside, NJ 07205

Telephone: 908-352-7664, ext. 6428  
Fax: 908-282-5830

**BASIC FINANCIAL STATEMENTS**

**HILLSIDE BOARD OF EDUCATION  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,687,713	\$ 519,978	\$ 7,207,691
Receivables, net			
Receivables from Other Governments	554,207	224,758	778,965
Other	79,558	24,826	104,384
Inventory		20,283	20,283
Capital Assets, net:			
Not Being Depreciated	7,975	455,249	463,224
Being Depreciated	<u>23,106,768</u>	<u>(347,412)</u>	<u>22,759,356</u>
Total Assets	<u>30,436,221</u>	<u>897,682</u>	<u>31,333,903</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>5,011,117</u>	<u>-</u>	<u>5,011,117</u>
Total Assets and Deferred Outflow of Resources	<u>35,447,338</u>	<u>897,682</u>	<u>36,345,020</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	2,320,514	240,046	2,560,560
Unearned Revenue	36,057	7,017	43,074
Accrued Interest Payable	6,410		6,410
Payable to State Government	12,275		12,275
Noncurrent Liabilities			
Due within one year	1,350,000		1,350,000
Due beyond one year	<u>22,585,238</u>	<u>-</u>	<u>22,585,238</u>
Total Liabilities	<u>26,310,494</u>	<u>247,063</u>	<u>26,557,557</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	3,756,716		3,756,716
Deferred Commodities Revenue	<u>-</u>	<u>4,268</u>	<u>4,268</u>
Total Liabilities and Deferred Inflow of Resources	<u>30,067,210</u>	<u>251,331</u>	<u>30,318,541</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	18,994,743	107,837	19,102,580
Restricted for:			
Capital Projects	4,532,602		4,532,602
Unrestricted	<u>(18,147,217)</u>	<u>538,514</u>	<u>(17,608,703)</u>
Total Net Position	<u>\$ 5,380,128</u>	<u>\$ 646,351</u>	<u>\$ 6,026,479</u>

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

**HILLSIDE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 32,741,063		\$ 10,942,319	\$ 6,027	\$ (21,792,717)		\$ (21,792,717)
Special Education	10,990,620	\$ 32,459	6,050,013		(4,908,148)		(4,908,148)
Other Instruction	1,924,003		991,516		(932,487)		(932,487)
School Sponsored Activities and Athletics	826,233		67,704		(758,529)		(758,529)
Support Services:							
Student & Instruction Related Services	9,977,950		3,914,882		(6,063,068)		(6,063,068)
Attendance and Social Work	150,500		48,020		(102,480)		(102,480)
Educational Media/School Library	1,087,480		294,743		(792,737)		(792,737)
School Administrative Services	2,032,639		1,601,852		(430,787)		(430,787)
General Administrative Services	4,911,264		175,021		(4,736,243)		(4,736,243)
Plant Operations and Maintenance	7,210,105		751,253	279,368	(6,179,484)		(6,179,484)
Pupil Transportation	1,745,975		153,530		(1,592,445)		(1,592,445)
Central Services and Information Technology	1,335,068		274,784		(1,060,284)		(1,060,284)
Interest on Long-Term Debt	93,431	-	-	-	(93,431)	-	(93,431)
Total Governmental Activities	75,026,331	32,459	25,265,637	285,395	(49,442,840)	-	(49,442,840)
Business-Type Activities:							
Food Service	1,630,350	411,023	1,222,126	-	-	\$ 2,799	2,799
Total Business-Type Activities	1,630,350	411,023	1,222,126	-	-	2,799	2,799
Total Primary Government	\$ 76,656,681	\$ 443,482	\$ 26,487,763	\$ 285,395	(49,442,840)	2,799	(49,440,041)
General Revenues:							
Property Taxes, levied for general purposes, net					29,927,936		29,927,936
State and Federal Aid - Unrestricted					19,765,400		19,765,400
Miscellaneous Income					321,760	-	321,760
Total General Revenues					50,015,096	-	50,015,096
Change in Net Position					572,256	2,799	575,055
Net Position—Beginning of Year					4,807,872	643,552	5,451,424
Net Position—End of Year					\$ 5,380,128	\$ 646,351	\$ 6,026,479

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

**FUND FINANCIAL STATEMENTS**

**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,585,346		\$ 102,367	\$ 6,687,713
Receivables From Other Governments	122,334	\$ 366,425	65,448	554,207
Due from Other Funds	132,564			132,564
Other Receivables	<u>79,558</u>	<u>-</u>	<u>-</u>	<u>79,558</u>
Total Assets	<u>\$ 6,919,802</u>	<u>\$ 366,425</u>	<u>\$ 167,815</u>	<u>\$ 7,454,042</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 1,248,913	\$ 263,930		\$ 1,512,843
Accrued Salaries and Wages	765,877	39,294		805,171
Other Liabilities	2,500			2,500
Due to Other Funds		132,564		132,564
Intergovernmental Accounts Payable		12,275		12,275
Unearned Revenue	<u>-</u>	<u>36,057</u>	<u>-</u>	<u>36,057</u>
Total Liabilities	<u>2,017,290</u>	<u>484,120</u>	<u>-</u>	<u>2,501,410</u>
Fund Balances:				
Restricted				
Capital Reserve	2,894,135			2,894,135
Capital Reserve - Designated for Subsequent Year's Expenditures	1,470,652			1,470,652
Capital Projects			\$ 167,815	167,815
Excess Surplus - Designated for Subsequent Year's Expenditures	54,474			54,474
Excess Surplus	220,000			220,000
Committed				
Encumbrances	100,532			100,532
Assigned				
Encumbrances	718,605			718,605
Designated for Subsequent Year's Expenditures	570,526			570,526
Unassigned				
General Fund	(1,126,412)			(1,126,412)
Special Revenue Fund	<u>-</u>	<u>(117,695)</u>	<u>-</u>	<u>(117,695)</u>
Total Fund Balances (Deficit)	<u>4,902,512</u>	<u>(117,695)</u>	<u>167,815</u>	<u>4,952,632</u>
Total Liabilities and Fund Balances	<u>\$ 6,919,802</u>	<u>\$ 366,425</u>	<u>\$ 167,815</u>	

**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2018**

**Fund Balance Governmental Funds (Exhibit B-1)** \$ 4,952,632

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$38,076,141 and the accumulated depreciation is \$14,961,398.

23,114,743

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources

\$ 5,011,117

Deferred Inflows of Resources

(3,756,716)

1,254,401

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(6,410)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Net Pension Liability

(18,715,555)

Lease Purchase Agreements Payable

(4,120,000)

Compensated Absences

(1,099,683)

(23,935,238)

**Net position of governmental activities (Exhibit A-1)**

**\$ 5,380,128**



**HILLSIDE BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Property Tax Levy	\$ 29,927,936			\$ 29,927,936
Tuition	32,459			32,459
Miscellaneous	321,426	\$ 55,228	\$ 334	376,988
<b>Total - Local Sources</b>	<b>30,281,821</b>	<b>55,228</b>	<b>334</b>	<b>30,337,383</b>
State Sources	29,863,156	1,292,171	279,368	31,434,695
Federal Sources	67,009	1,806,192	-	1,873,201
<b>Total Revenues</b>	<b>60,211,986</b>	<b>3,153,591</b>	<b>279,702</b>	<b>63,645,279</b>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	24,320,898	1,084,529		25,405,427
Special Education Instruction	8,329,481	865,206		9,194,687
Other Instruction	1,067,266	560,278		1,627,544
School Sponsored Activities and Athletics	730,620			730,620
Support Services				
Student & Instruction Related Services	6,819,735	1,237,088		8,056,823
Attendance and Social Work	115,639			115,639
Educational Media/School Library	858,419			858,419
School Administrative Services	4,074,970			4,074,970
General Administrative Services	1,346,894		200,898	1,547,792
Plant Operations and Maintenance	6,433,655		68,422	6,502,077
Pupil Transportation	1,685,133			1,685,133
Central Services and Information Technology	1,098,419			1,098,419
Debt Service				
Principal	1,325,000			1,325,000
Interest	95,492			95,492
Capital Outlay	903,606	6,027	464,982	1,374,615
<b>Total Expenditures</b>	<b>59,205,227</b>	<b>3,753,128</b>	<b>734,302</b>	<b>63,692,657</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,006,759	(599,537)	(454,600)	(47,378)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,183,725	576,553		1,760,278
Transfers Out	(576,553)	-	(1,183,725)	(1,760,278)
<b>Total Other Financing Sources and (Uses)</b>	<b>607,172</b>	<b>576,553</b>	<b>(1,183,725)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,613,931</b>	<b>(22,984)</b>	<b>(1,638,325)</b>	<b>(47,378)</b>
Fund Balance (Deficit), Beginning of Year	3,288,581	(94,711)	1,806,140	5,000,010
Fund Balance (Deficit), End of Year	\$ 4,902,512	\$ (117,695)	\$ 167,815	\$ 4,952,632

**HILLSIDE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ (47,378)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capital Outlay	\$ 1,374,615	
Depreciation Expense	<u>(1,189,366)</u>	
		185,249

The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments		
Capital Leases/Lease Purchase Agreements		1,325,000

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Pension Expenses	(787,304)	
Increase in Compensated Absences	<u>(105,372)</u>	
		(892,676)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

The decrease in accrued interest is a an addition in the reconciliation. 2,061

**Change in net position of governmental activities (Exhibit A-2)** **\$ 572,256**

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 519,978
Intergovernmental Receivable	
State	3,170
Federal	221,588
Other Accounts Receivable	24,826
Inventory	<u>20,283</u>
Total Current Assets	<u>789,845</u>
Capital Assets	
Equipment	455,249
Less: Accumulated Depreciation	<u>(347,412)</u>
Total Capital Assets, Net	<u>107,837</u>
Total Assets	<u>897,682</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	240,046
Unearned Revenue	<u>7,017</u>
Total Current Liabilities	<u>247,063</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred Commodities Revenue	<u>4,268</u>
Total Liabilities and Deferred Inflow of Resources	<u>251,331</u>
<b>NET POSITION</b>	
Investment in Capital Assets	107,837
Unrestricted	<u>538,514</u>
Total Net Position	<u>\$ 646,351</u>

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

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Program Sales	\$ 162,981
Nonprogram Sales	248,016
Miscellaneous	26
	411,023
<b>OPERATING EXPENSES</b>	
Cost of Sales - Program	608,793
Cost of Sales - Nonprogram	220,979
Salaries and Employee Benefits	647,599
Depreciation	16,057
Other Purchased Services	18,724
Supplies and Materials	118,198
	1,630,350
Total Operating Expenses	1,630,350
Operating (Loss)	(1,219,327)
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	15,243
Federal Sources	
School Breakfast Program	280,747
National School Lunch Program	758,917
Food Distribution Programs	133,483
After School Snack Program	33,736
	1,222,126
Total Nonoperating Revenues	1,222,126
Change in Net Position	2,799
Total Net Position - Beginning of Year	643,552
Total Net Position - End of Year	\$ 646,351

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

**HILLSIDE BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 407,644
Cash Payments for Employees' Salaries and Benefits	(648,085)
Cash Payments to Suppliers for Goods and Services	<u>(803,746)</u>
Net Cash (Used) by Operating Activities	<u>(1,044,187)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,080,105</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,080,105</u>
<b>Cash Flows from Capital Financing Activities</b>	
Acquisition of Capital Assets	<u>(19,166)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(19,166)</u>
Net Increase in Cash and Cash Equivalents	16,752
Cash and Cash Equivalents, Beginning of Year	<u>503,226</u>
Cash and Cash Equivalents, End of Year	<u>\$ 519,978</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating (Loss)	\$ (1,219,327)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	16,057
Non Cash Federal Assistance-Food Distribution Program	133,483
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	32,273
Increase/(Decrease) in Accrued Salaries and Wages	(486)
Increase/(Decrease) in Unearned Revenue	1,334
Increase/(Decrease) in Other Current Liabilities	(50)
(Increase)/Decrease in Other Accounts Receivable	(4,713)
Increase/(Decrease) in Deferred Commodities Revenue	(1,626)
(Increase)/Decrease in Inventory	<u>(1,132)</u>
Total Adjustments	<u>175,140</u>
Net Cash (Used) by Operating Activities	<u>\$ (1,044,187)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 131,857

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

**HILLSIDE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2018**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 285,766	\$ 2,804	\$ 1,051,178
Accounts Receivable	<u>-</u>	<u>-</u>	<u>872</u>
Total Assets	<u>285,766</u>	<u>2,804</u>	<u>1,052,050</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			938,073
Intergovernmental Accounts Payable	4,150		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>113,977</u>
Total Liabilities	<u>4,150</u>	<u>-</u>	<u>\$ 1,052,050</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 281,616</u>	<u>\$ 2,804</u>	

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

**HILLSIDE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 48,181	-
	<u>48,181</u>	<u>-</u>
Investment Earnings		
Interest	-	\$ 23
	<u>-</u>	<u>23</u>
Total Additions	<u>48,181</u>	<u>23</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	<u>41,700</u>	<u>-</u>
Total Deductions	<u>41,700</u>	<u>-</u>
Change in Net Position	6,481	23
Net Position, Beginning of Year	<u>275,135</u>	<u>2,781</u>
Net Position, End of Year	<u>\$ 281,616</u>	<u>\$ 2,804</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Hillside Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Hillside Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Building Improvements	40
Machinery and Equipment	5-20

**6. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***6. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The first item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***7. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal, and sick leave benefits. A long-term liability of accumulated personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***8. Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

***9. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Net Position/Fund Balance***

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2).

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.



HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 16, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$3,507,826. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Deficit Fund Equity**

The District has an unassigned fund deficit of \$1,126,412 in the General Fund and \$117,695 in the Special Revenue Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$1,126,412 in the General Fund and \$117,695 in the Special Revenue Fund are equal to or less than the delayed state aid payments and state aid advance payment balance at June 30, 2018.

**C. Capital Reserve**

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

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end 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-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 2,573,388
Increased by		
Interest earnings	\$ 489	
Deposits approved by Board Resolution	1,400,000	
Unexpended Balance of Current Year		
Withdrawals	341,766	
Transferred - Capital Projects Fund	<u>1,183,391</u>	
Total Increases		2,925,646
Decreased by		
Approved in District Budget	<u>1,134,247</u>	
Total Withdrawals		<u>1,134,247</u>
Balance, June 30, 2018		<u>\$ 4,364,787</u>
Analysis of Balance		
Designated for Subsequent Year's Expenditures	\$ 1,470,652	
Capital Reserve	<u>2,894,135</u>	
		<u>\$ 4,364,787</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$1,470,652 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures 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 excess fund balance at June 30, 2018 is \$274,474. Of this amount, \$54,474 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$220,000 will be appropriated in the 2019/2020 original budget certified for taxes.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$8,547,439 and bank and brokerage firm balances of the Board's deposits amounted to \$6,711,072. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>6,711,072</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 "Local Authorities Fiscal Control Law," (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2018 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Agency Fund</u>	<u>Total</u>
Receivables:						
Accounts	\$ 79,558			\$ 24,826	\$ 872	\$ 105,256
Intergovernmental	<u>122,334</u>	<u>366,425</u>	<u>\$ 65,448</u>	<u>224,758</u>	<u>-</u>	<u>778,965</u>
Gross Receivables	201,892	366,425	65,448	249,584	872	884,221
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 201,892</u>	<u>\$ 366,425</u>	<u>\$ 65,448</u>	<u>\$ 249,584</u>	<u>\$ 872</u>	<u>\$ 884,221</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund

Unencumbered Grant Draw Downs	\$ 35,693
Grant Draw Downs Reserved for Encumbrances	<u>364</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 36,057</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017	Increases	Decreases	Transfers	Balance, June 30, 2018
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Construction in Progress	\$ 8,904,284	\$ 497,367	-	\$ (9,393,676)	\$ 7,975
Total capital assets, not being depreciated	<u>8,904,284</u>	<u>497,367</u>	<u>-</u>	<u>(9,393,676)</u>	<u>7,975</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	22,335,158			9,393,676	31,728,834
Machinery and Equipment	<u>5,462,084</u>	<u>877,248</u>	<u>-</u>	<u>-</u>	<u>6,339,332</u>
Total capital assets being depreciated	<u>27,797,242</u>	<u>877,248</u>	<u>-</u>	<u>9,393,676</u>	<u>38,068,166</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(9,616,473)	(818,008)			(10,434,481)
Machinery and Equipment	<u>(4,155,559)</u>	<u>(371,358)</u>	<u>-</u>	<u>-</u>	<u>(4,526,917)</u>
Total accumulated depreciation	<u>(13,772,032)</u>	<u>(1,189,366)</u>	<u>-</u>	<u>-</u>	<u>(14,961,398)</u>
Total capital assets, being depreciated, net	<u>14,025,210</u>	<u>(312,118)</u>	<u>-</u>	<u>9,393,676</u>	<u>23,106,768</u>
Governmental activities capital assets, net	<u>\$ 22,929,494</u>	<u>\$ 185,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,114,743</u>

	Balance, July 1, 2017	Increases	Decreases	Balance, June 30, 2018
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 436,083	\$ 19,166	-	\$ 455,249
Total capital assets being depreciated	<u>436,083</u>	<u>19,166</u>	<u>-</u>	<u>455,249</u>
Less accumulated depreciation for:				
Machinery and Equipment	(331,355)	(16,057)	-	(347,412)
Total accumulated depreciation	<u>(331,355)</u>	<u>(16,057)</u>	<u>-</u>	<u>(347,412)</u>
Total capital assets, being depreciated, net	<u>104,728</u>	<u>3,109</u>	<u>-</u>	<u>107,837</u>
Business-type activities capital assets, net	<u>\$ 104,728</u>	<u>\$ 3,109</u>	<u>\$ -</u>	<u>\$ 107,837</u>



**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental activities:**

Instruction	
Regular	\$ 544,303
Special Education	143,104
Other Instruction	21,983
School Sponsored/Activities and Athletics	<u>16,793</u>
Total Instruction	<u>726,183</u>
Support Services	
Student and Instruction Related Services	158,326
Attendance and Social Work	2,951
Educational Media School Library	22,213
General Administrative Services	17,567
School Administrative Services	100,096
Plant Operations and Maintenance	124,354
Pupil Transportation	10,686
Central Services and Information Technology	<u>26,990</u>
Total Support Services	<u>463,183</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,189,366</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 16,057</u>

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Engineering Costs - New Synthetic Turf Field - Woodfield Stadium	\$ 43,074
Masonry Wall Repairs at Hillside High School	60,500
Partial Roof Replacement/Chimney Restoration at Calvin Coolidge School	115,957
Gym Floor Repairs and Refinishing at Middle School	<u>89,569</u>
Total	<u>\$ 309,100</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 132,564</u>
Total		<u>\$ 132,564</u>

The above balances are to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 576,553	\$ 576,553
Capital Projects Fund	<u>\$ 1,183,725</u>	<u>-</u>	<u>1,183,725</u>
Total	<u>\$ 1,183,725</u>	<u>\$ 576,553</u>	<u>\$ 1,760,278</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Capital Leases**

The District is leasing the construction of an addition and improvements to George Washington School totaling \$6,750,000 under capital leases. The lease is for a term of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2019	\$ 1,420,615
2020	1,415,319
2021	<u>1,413,068</u>
Total minimum lease payments	4,249,002
Less: amount representing interest	<u>(129,002)</u>
Present value of minimum lease payments	<u>\$ 4,120,000</u>

**G. Long-Term Debt**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 67,169,229
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 67,169,229</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 994,311	\$ 105,372		\$ 1,099,683	
Lease Purchase Agreements	5,445,000		\$ 1,325,000	4,120,000	\$ 1,350,000
Net Pension Liability	23,115,036	-	4,399,481	18,715,555	-
Governmental activity					
Long-term liabilities	<u>\$ 29,554,347</u>	<u>\$ 105,372</u>	<u>\$ 5,724,481</u>	<u>\$ 23,935,238</u>	<u>\$ 1,350,000</u>

For the governmental activities, the liabilities for compensated absences, lease purchase agreements and net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIF or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 48,181	\$ 41,700	\$ 281,616
2017	\$ 27,500	49,352	94,844	275,135
2016	35,000	48,936	73,878	293,127

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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 represent the membership tiers for TPAF:

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 744,809	\$ 3,260,653	\$ 4,118
2017	693,351	2,509,039	2,442
2016	666,000	1,790,302	2,826

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$15,774 and \$6,688, respectively for PERS and the State contributed \$5,771 and \$6,304, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,656,328 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$18,715,555 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was 0.08039 percent, which was an increase of 0.00235 percent from its proportionate share measured as of June 30, 2016 of 0.07804 percent.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,531,713 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 440,687	
Changes of Assumptions	3,770,539	\$ 3,756,716
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	127,440	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>672,451</u>	<u>-</u>
Total	<u>\$ 5,011,117</u>	<u>\$ 3,756,716</u>

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 615,126
2020	827,189
2021	553,816
2022	(408,887)
2023	(332,843)
Thereafter	<u>-</u>
	<u>\$ 1,254,401</u>

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	\$ 23,217,916	\$ 18,715,555	\$ 14,964,530

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,418,830 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$150,398,267. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was 0.22306 percent, which was a decrease of 0.00054 percent from its proportionate share measured as of June 30, 2016 of 0.22360 percent.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 178,677,859</u>	<u>\$ 150,398,267</u>	<u>\$ 127,101,416</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**D. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>\$336,078</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Funded Status and Funding Progress**

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$2,157,094, \$2,090,600 and \$2,131,754, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$6,952,225. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$98,078,398. The nonemployer allocation percentages are based on the ratio of the State’s contributions made as an employer and nonemployer towards the actuarially determined contribution amount to total contributions to OPEB during the year ended June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was 0.18285 percent, which was an increase of 0.00071percent from its proportionate share measured as of June 30, 2016 of 0.18214 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Health Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF and his or her age for PERS.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions (Continued)**

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>105,331,974</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 5,215,181
Interest on the Total OPEB Liability	3,095,280
Changes of Assumptions	(12,957,575)
Gross Benefit Payments	(2,706,108)
Contributions from the Member	<u>99,646</u>
<b>Net Changes</b>	<b>\$ <u>(7,253,576)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>98,078,398</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>116,426,134</u>	\$ <u>98,078,398</u>	\$ <u>83,524,799</u>



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 80,660,001	\$ 98,078,398	\$ 121,209,824

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

**E. Tax Abatements**

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 school tax revenue 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 Hillside Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

## **BUDGETARY COMPARISONS**

HILLSIDE BOARD OF EDUCATION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 29,927,936	-	\$ 29,927,936	\$ 29,927,936	-
Tuition	39,510	-	39,510	32,459	\$ (7,051)
Miscellaneous	101,610	-	101,610	321,426	219,816
<b>Total Local Sources</b>	<b>30,069,056</b>	<b>-</b>	<b>30,069,056</b>	<b>30,281,821</b>	<b>212,765</b>
<b>State Sources</b>					
Equalization Aid	19,083,433	\$ 640,291	19,723,724	19,723,724	-
Special Education Aid	1,827,031	-	1,827,031	1,827,031	-
Transportation Aid	110,390	-	110,390	110,390	-
Security Aid	244,325	-	244,325	244,325	-
Under Adequacy Aid	6,164	-	6,164	6,164	-
Parcc Readiness Aid	29,430	-	29,430	29,430	-
Per Pupil Growth Aid	29,430	-	29,430	29,430	-
Professional Learning Community Aid	30,450	-	30,450	30,450	-
Lead Testing Aid				3,669	3,669
Extraordinary Special Education Costs Aid - 2017/18				585,911	585,911
TPAF Pension and Annuity Fund- Post Ret.Medical (Non-Budget)				2,157,094	2,157,094
TPAF Pension and Annuity Fund (Non-Budget Normal Cost				3,260,653	3,260,653
NCGI Premium				79,128	79,128
Long-term Disability				5,771	5,771
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,656,328	1,656,328
<b>Total State Sources</b>	<b>21,360,653</b>	<b>640,291</b>	<b>22,000,944</b>	<b>29,749,498</b>	<b>7,748,554</b>
<b>Federal Sources</b>					
HUD - Sandy Reimbursement				1,774	1,774
Medicaid Reimbursement	61,781	-	61,781	65,235	3,454
<b>Total Federal Sources</b>	<b>61,781</b>	<b>-</b>	<b>61,781</b>	<b>67,009</b>	<b>5,228</b>
<b>Total Revenues</b>	<b>51,491,490</b>	<b>640,291</b>	<b>52,131,781</b>	<b>60,098,328</b>	<b>7,966,547</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool/Kindergarten	594,309		594,309	589,671	4,638
Grades 1-5	5,358,581	(47,319)	5,311,262	5,129,847	181,415
Grades 6-8	3,066,888	42,841	3,109,729	2,968,946	140,783
Grades 9-12	5,150,822	(14,621)	5,136,201	4,819,124	317,077
Home Instruction	25,500	4,525	30,025	22,122	7,903
Purchased Professional-Educational Services	8,500	1,465	9,965	7,665	2,300
Other Purchased Services	233,289	753	234,042	162,977	71,065
General Supplies	909,741	(192,889)	716,852	601,454	115,398
Textbooks	22,000	577,680	599,680	589,607	10,073
Other Objects	3,000	3,070	6,070	4,230	1,840
<b>Total Regular Programs</b>	<b>15,372,630</b>	<b>375,505</b>	<b>15,748,135</b>	<b>14,895,643</b>	<b>852,492</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 198,913	\$ 7,289	\$ 206,202	\$ 203,766	\$ 2,436
Other Salaries for Instruction	46,123	(43,672)	2,451	2,451	-
General Supplies	1,200	586	1,786	1,709	77
<b>Total Learning and/or Language Disabilities</b>	<b>246,236</b>	<b>(35,797)</b>	<b>210,439</b>	<b>207,926</b>	<b>2,513</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	336,646	(5,583)	331,063	329,529	1,534
Other Salaries for Instruction	83,608	(24,508)	59,100	58,951	149
Purchased Professional-Educational Services	-	6,000	6,000	6,000	-
Supplies and Materials	4,000	1,514	5,514	5,433	81
Miscellaneous Expenditures	-	75	75	50	25
<b>Total Multiple Disabilities</b>	<b>424,254</b>	<b>(22,502)</b>	<b>401,752</b>	<b>399,963</b>	<b>1,789</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	2,524,390	(174,504)	2,349,886	2,229,309	120,577
Other Salaries for Instruction	136,550	16,000	152,550	146,686	5,864
Purchased Professional-Educational Services	-	51,000	51,000	49,427	1,573
General Supplies	3,000	2,504	5,504	5,481	23
<b>Total Resource Room/Resource Center</b>	<b>2,663,940</b>	<b>(105,000)</b>	<b>2,558,940</b>	<b>2,430,903</b>	<b>128,037</b>
<b>Autistic</b>					
Salaries of Teachers	245,738	(458)	245,280	244,267	1,013
Other Salaries for Instruction	81,220	26,133	107,353	106,335	1,018
General Supplies	2,500	399	2,899	2,161	738
<b>Total Autistic</b>	<b>329,458</b>	<b>26,074</b>	<b>355,532</b>	<b>352,763</b>	<b>2,769</b>
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	128,693	70,939	199,632	187,983	11,649
Other Salaries for Instruction	76,175	6,878	83,053	82,223	830
Purchased Professional-Educational Services	-	25,000	25,000	25,000	-
General Supplies	1,500	5,193	6,693	6,665	28
<b>Total Preschool Disabilities - Full - Time</b>	<b>206,368</b>	<b>108,010</b>	<b>314,378</b>	<b>301,871</b>	<b>12,507</b>
<b>Home Instruction</b>					
Salaries of Teachers	14,800	(6,640)	8,160	8,160	-
Purchased Professional/Educational Services	10,000	21,214	31,214	19,484	11,730
<b>Total Home Instruction</b>	<b>24,800</b>	<b>14,574</b>	<b>39,374</b>	<b>27,644</b>	<b>11,730</b>
<b>Total Special Education</b>	<b>3,895,056</b>	<b>(14,641)</b>	<b>3,880,415</b>	<b>3,721,070</b>	<b>159,346</b>
<b>Bilingual Education</b>					
Salaries of Teachers	554,905	(1,939)	552,966	552,966	-
Purchased Professional-Educational Services	-	11,358	11,358	11,277	81
General Supplies	5,000	(1,767)	3,233	3,154	79
<b>Total Bilingual Education</b>	<b>559,905</b>	<b>7,652</b>	<b>567,557</b>	<b>567,397</b>	<b>160</b>

**HILLSDALE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	\$ 145,444	\$ 2,920	\$ 148,364	\$ 112,633	\$ 35,731
Other Salaries for Instruction	5,700	-	5,700	2,050	3,650
Travel	-	400	400	400	-
Supplies and Materials	4,000	(1,781)	2,219	1,248	971
<b>Total School Sponsored Co-Curricular Activities</b>	<b>155,144</b>	<b>1,539</b>	<b>156,683</b>	<b>116,331</b>	<b>40,352</b>
<b>School Sponsored Athletics</b>					
Salaries	296,000	3,678	299,678	290,219	9,459
Other Salaries	35,900	(12,320)	23,580	17,510	6,070
Other Purchased Professional & Technical Services	47,200	-	47,200	38,306	8,894
Clean, Repair and Maintenance Services	9,500	539	10,039	4,343	5,696
Rentals, Copiers Etc.	500	-	500	470	30
Travel	1,200	972	2,172	1,406	766
Miscellaneous Purchased Services	-	275	275	255	20
Supplies and Materials	57,253	45,293	102,546	80,698	21,848
Other Objects	21,200	2,927	24,127	22,057	2,070
<b>Total School Sponsored Athletics</b>	<b>468,753</b>	<b>41,364</b>	<b>510,117</b>	<b>455,264</b>	<b>54,853</b>
<b>Before/After School Programs</b>					
Salaries Teacher Tutors	36,400	34,268	70,668	69,079	1,589
<b>Total Before/After School Programs</b>	<b>36,400</b>	<b>34,268</b>	<b>70,668</b>	<b>69,079</b>	<b>1,589</b>
<b>Summer School</b>					
Salaries of Teachers	100,508	(5,735)	94,773	94,770	3
Supplies and Materials	500	(500)	-	-	-
<b>Total Summer School</b>	<b>101,008</b>	<b>(6,235)</b>	<b>94,773</b>	<b>94,770</b>	<b>3</b>
<b>Community Service Programs</b>					
Salaries	500	(38)	462	-	462
Supplies and Materials	-	38	38	38	-
<b>Total Community Service Programs</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>38</b>	<b>462</b>
<b>Total Instruction</b>	<b>20,589,396</b>	<b>439,452</b>	<b>21,028,848</b>	<b>19,919,592</b>	<b>1,109,257</b>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State-Regular	56,400	(2,913)	53,487	53,486	1
Tuition to Other LEAs Within the State- Special	1,357,386	(607,536)	749,850	749,471	379
Tuition to County Voc. School Dist.-Regular	487,500	(4,000)	483,500	479,500	4,000
Tuition to County Voc. School Dist.- Special	52,000	(30,141)	21,859	21,500	359
Tuition to CSSD & Reg. Day Schools	51,017	(6,498)	44,519	44,519	-
Tuition to Priv. Sch. For the Disabled W/ State	922,407	622,812	1,545,219	1,544,482	737
Tuition to Priv. Sch. For the Disabled Out of State	118,670	(296)	118,374	117,919	455
Tuition- State Facilities	37,452	-	37,452	37,452	-
Tuition- Other	-	5,850	5,850	5,850	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,082,832</b>	<b>(22,722)</b>	<b>3,060,110</b>	<b>3,054,179</b>	<b>5,931</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Attendance and Social Work</b>					
Salaries	\$ 64,790	\$ 9,431	\$ 74,221	\$ 74,221	-
Salaries of Family Support Teams	500	(500)	-	-	-
<b>Total Undist. Expend. - Attendance and Social Work</b>	<b>65,290</b>	<b>8,931</b>	<b>74,221</b>	<b>74,221</b>	<b>-</b>
<b>Health Services</b>					
Salaries	708,673	(9,615)	699,058	698,264	\$ 794
Purchased Professional & Technical Services	24,000	43,085	67,085	64,546	2,539
Purchased Technical Services	1,745	1,794	3,539	3,361	178
Supplies and Materials	10,000	7,287	17,287	12,328	4,959
<b>Total Undist. Expenditures - Health Services</b>	<b>744,418</b>	<b>42,551</b>	<b>786,969</b>	<b>778,499</b>	<b>8,470</b>
<b>Speech, OT, PT and Related Services</b>					
Salaries	597,416	(44,000)	553,416	547,930	5,486
Purchased Professional/Educational Services	15,000	23,457	38,457	36,128	2,329
Supplies and Materials	4,000	(134)	3,866	3,821	45
<b>Total Undist. Expend. - Speech, OT, PT and Related Svcs.</b>	<b>616,416</b>	<b>(20,677)</b>	<b>595,739</b>	<b>587,879</b>	<b>7,860</b>
<b>Other Support Serv. Students - Extra Services</b>					
Salaries	374,289	(5,601)	368,688	339,884	28,804
Purchased Professional - Educational Services	280,000	45,116	325,116	290,829	34,287
<b>Total Undist. Expend. - Other Supp. Serv. Std. - Extra Serv.</b>	<b>654,289</b>	<b>39,515</b>	<b>693,804</b>	<b>630,713</b>	<b>63,091</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	740,794	(23,174)	717,620	700,517	17,103
Salaries of Secretarial and Clerical Assistants	134,721	1,805	136,526	134,368	2,158
Other Purchased Prof. and Tech Services	16,500	(1,315)	15,185	15,164	21
Rentals, Copiers Etc.	4,500	-	4,500	3,113	1,387
Supplies and Materials	4,500	21,165	25,665	25,527	138
Other Objects	200	(200)	-	-	-
<b>Total Undist. Expenditures - Guidance</b>	<b>901,215</b>	<b>(1,719)</b>	<b>899,496</b>	<b>878,689</b>	<b>20,807</b>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	863,981	(68,598)	795,383	794,151	1,232
Salaries of Secretarial and Clerical Assistants	161,261	(11,949)	149,312	148,092	1,220
Purchased Professional - Educational Services	15,000	57,484	72,484	70,882	1,602
Rentals, Copiers Etc.	2,900	-	2,900	1,841	1,059
Travel	1,250	1,478	2,728	2,463	265
Other Purchased Services	-	820	820	818	2
Supplies and Materials	17,000	(9,795)	7,205	6,258	947
Other Objects	400	-	400	350	50
<b>Total Undist. Expenditures - Child Study Team</b>	<b>1,061,792</b>	<b>(30,560)</b>	<b>1,031,232</b>	<b>1,024,855</b>	<b>6,377</b>

HILLSIDE BOARD OF EDUCATION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Improvement of Instruction Services</b>					
Salaries of Supervisors of Instruction	\$ 725,348	\$ (94,525)	\$ 630,823	\$ 599,912	\$ 30,911
Salaries of Secretarial & Clerical Assist.	-	2,495	2,495	-	2,495
Other Salaries	6,000	1,063	7,063	7,020	43
Unused Vacation Payment to Terminated / Retired Staff	-	3,204	3,204	3,203	1
Salaries of Facilitators/Math Coaches/Literacy Coaches	7,034	-	7,034	-	7,034
Purchased Professional- Educat. Services	11,600	(855)	10,745	10,396	349
Travel	425	1,000	1,425	240	1,185
Supplies and Materials	-	520	520	520	-
Miscellaneous Expenditures	1,200	-	1,200	800	400
<b>Total Undist. Expend. - Improv. Of Inst. Serv.</b>	<b>751,607</b>	<b>(87,098)</b>	<b>664,509</b>	<b>622,091</b>	<b>42,418</b>
<b>Educational Media Services / School Library</b>					
Salaries	352,885	(1,552)	351,333	284,606	66,727
Salaries of Secretarial & Clerical Assist.	41,197	-	41,197	40,593	604
Salaries of Technology Coordinators	235,565	11,574	247,139	233,556	13,583
Rentals, Copiers Etc.	2,200	-	2,200	1,152	1,048
Supplies and Materials	7,000	4,798	11,798	11,616	182
<b>Total Undist. Expend. - Edu. Medica Serv. / Library</b>	<b>638,847</b>	<b>14,820</b>	<b>653,667</b>	<b>571,523</b>	<b>82,144</b>
<b>Instructional Staff Training Services</b>					
Other Salaries	22,900	5,413	28,313	9,199	19,114
Purchased Professional - Educational Services	26,400	6,231	32,631	21,430	11,201
Travel	3,050	(110)	2,940	183	2,757
Miscellaneous Expenditures	13,800	(1,460)	12,340	6,087	6,253
Supplies and Materials	5,500	(3,699)	1,801	-	1,801
<b>Total Undist. Expend. - Instr. Staff Traning Serv.</b>	<b>71,650</b>	<b>6,375</b>	<b>78,025</b>	<b>36,899</b>	<b>41,126</b>
<b>Support Services - General Administration</b>					
Salaries	171,675	(5,558)	166,117	166,075	42
Salaries of Secretarial & Clerical Assist.	273,664	2,142	275,806	275,805	1
Legal Services	100,000	25,000	125,000	113,992	11,008
Audit Fees	38,000	26,773	64,773	34,773	30,000
Architectural/Engineering Services	5,000	105,380	110,380	63,995	46,385
Other Purchased Professional Services	5,200	(59)	5,141	5,107	34
Purchased Technical Services	5,300	(5,060)	240	240	-
Rentals, Copiers Etc.	9,600	(3,122)	6,478	6,477	1
Communications/Telephone	101,900	(1,071)	100,829	99,772	1,057
Postage	29,000	(11,720)	17,280	17,113	167
Travel	1,300	184	1,484	1,280	204
BOE Travel	3,500	(375)	3,125	3,125	-
BOE Other Purchased Services	161,641	13,397	175,038	174,223	815
Supplies and Materials	10,900	548	11,448	11,304	144
BOE In-House Training/Meeting Supplies	1,500	1,582	3,082	2,785	297
Judgments Against School District	30,000	67,341	97,341	97,241	100
Miscellaneous Expenditures	34,000	5,838	39,838	39,838	-
<b>Total Undist. Expend. - Support Serv. - Gen. Admin.</b>	<b>982,180</b>	<b>221,220</b>	<b>1,203,400</b>	<b>1,113,145</b>	<b>90,255</b>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,407,697	3,901	1,411,598	1,411,595	3
Salaries of Other Professional Staff	500,372	3,683	504,055	501,850	2,205
Salaries of Secretarial and Clerical Assistants	622,149	(6,225)	615,924	604,389	11,535
Purchased Professional and Technical Services	21,000	855	21,855	21,855	-
Rentals, Copiers Etc.	80,500	(1,377)	79,123	60,306	18,817
Other Purchased Services	27,000	(10,171)	16,829	8,935	7,894
Travel	2,050	(550)	1,500	711	789
Miscellaneous Purchased Services	-	7,015	7,015	6,754	261
Supplies and Materials	31,050	27,957	59,007	57,779	1,228
Other Objects	8,000	(606)	7,394	4,997	2,397
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,699,818</b>	<b>24,482</b>	<b>2,724,300</b>	<b>2,679,171</b>	<b>45,129</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Central Services</b>					
Salaries	\$ 150,000	\$ (16,951)	\$ 133,049	\$ 126,285	\$ 6,764
Salaries of Secretarial and Clerical Assistants	325,551	(2,600)	322,951	322,877	74
Other Salaries	186,339	36,115	222,454	187,134	35,320
Unused Vacation Payment	-	8,885	8,885	8,885	-
Public Relations	3,800	-	3,800	3,800	-
Purchased Technical Services	42,500	(3,866)	38,634	38,113	521
Rentals, Copiers Etc.	3,550	210	3,760	3,378	382
Travel	1,000	1,200	2,200	650	1,550
Miscellaneous Purchased Services	14,600	694	15,294	15,175	119
Supplies and Materials	10,500	4,853	15,353	14,722	631
Interest for Lease Purchase Agreements	95,492	-	95,492	95,492	-
Miscellaneous Expenditures	8,650	-	8,650	7,298	1,352
<b>Total Undist. Expend. - Central Services</b>	<b>841,982</b>	<b>28,540</b>	<b>870,522</b>	<b>823,809</b>	<b>46,713</b>
<b>Admin. Info. Technology</b>					
Salaries	32,062	1,651	33,713	33,713	-
Purchased Technical Services	1,809	10,858	12,667	12,666	1
Travel	2,000	(1,883)	117	-	117
Supplies and Materials	7,800	(1,552)	6,248	6,226	22
<b>Total Undist. Expend. - Admin. Info Technology</b>	<b>43,671</b>	<b>9,074</b>	<b>52,745</b>	<b>52,605</b>	<b>140</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	506,292	12,109	518,401	517,900	501
Cleaning, Repair and Maintenance Services	306,152	939,969	1,246,121	736,016	510,105
Rentals, Copiers Etc.	2,500	-	2,500	1,856	644
General Supplies	100,500	84,809	185,309	168,801	16,508
Other Objects	2,550	(1,650)	900	900	-
<b>Total Undist. Expend. - Required Maint. For Sch. Fac.</b>	<b>917,994</b>	<b>1,035,237</b>	<b>1,953,231</b>	<b>1,425,473</b>	<b>527,758</b>
<b>Custodial Services</b>					
Salaries	1,804,415	(23,031)	1,781,384	1,754,270	27,114
Salaries of Non-Instructional Aides	53,850	13,439	67,289	63,114	4,175
Purchased Professional & Technical Services	47,000	(29,700)	17,300	11,745	5,555
Cleaning, Repair and Maintenance Services	28,500	14,614	43,114	24,839	18,275
Other Purchased Property Services	73,203	3,675	76,878	66,754	10,124
Insurance	257,324	66	257,390	257,390	-
Travel	200	-	200	139	61
Miscellaneous Purchased Services	2,000	(1,718)	282	-	282
General Supplies	53,000	41,421	94,421	54,557	39,864
Energy (Natural Gas)	209,500	17,517	227,017	217,572	9,445
Energy (Electricity)	345,349	(235)	345,114	316,752	28,362
Gasoline	16,000	(3,000)	13,000	9,141	3,859
Other Objects	8,250	(3,542)	4,708	4,708	-
<b>Total Undist. Expend. - Custodial Services</b>	<b>2,898,591</b>	<b>29,506</b>	<b>2,928,097</b>	<b>2,780,981</b>	<b>147,116</b>



**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Care &amp; Upkeep of Grounds</b>					
Salaries	\$ 10,000	\$ 22,965	\$ 32,965	\$ 32,965	-
Cleaning, Repair, and Maintenance Services	50,000	259,837	309,837	195,058	\$ 114,779
General Supplies	10,000	(9,223)	777	629	148
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<b>70,000</b>	<b>273,579</b>	<b>343,579</b>	<b>228,652</b>	<b>114,927</b>
<b>Security</b>					
Salaries	722,437	42,422	764,859	759,782	5,077
Cleaning, Repair, and Maintenance Services	3,250	(3,250)	-	-	-
Miscellaneous Purchased Services	-	48,372	48,372	48,371	1
General Supplies	4,300	11,872	16,172	16,172	-
<b>Total Security</b>	<b>729,987</b>	<b>99,416</b>	<b>829,403</b>	<b>824,325</b>	<b>5,078</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	51,402	(3,949)	47,453	39,182	8,271
Sal. For Pupil Trans(Bet. Home & Sch.)-Reg.	37,355	3	37,358	35,631	1,727
Sal. For Pupil Trans(Bet. Home & Sch.)-Sp Ed.	148,604	15,409	164,013	164,013	-
Sal. For Pupil Trans(Other than Bet. Home & Sch.)	37,278	(1,515)	35,763	29,972	5,791
Management Fee - ESC & CTSA Trans. Prog.	33,654	1,579	35,233	31,815	3,418
Other Purchased Prof. and Technical Services	400	300	700	670	30
Cleaning Repair and Maint. Serv.	49,969	(3,000)	46,969	46,620	349
Rental Payments - School Buses	500	-	500	150	350
Contract. Serv. - Aid in Lieu Pymts-Charter Sch.	26,520	(3,000)	23,520	19,442	4,078
Contract. Serv. - Aid in Lieu Pymts-Choice Sch.	4,420	3,000	7,420	7,000	420
Contr. Serv. (Bet. Home and Sch.) - Vendors	363,450	(83,000)	280,450	279,848	602
Contr. Serv. (Oth. Than Bet. Home and Sch.) - Vend.	115,000	47,100	162,100	123,058	39,042
Contract. Serv.(Reg. Students)-ESCs & CTSA	39,600	95,000	134,600	103,680	30,920
Contract. Serv.(Spl. Ed. Studetns)-ESCs & CTSA.	731,358	(23,902)	707,456	690,927	16,529
Travel	150	-	150	-	150
Miscellaneous Purchased Services - Transportation	500	-	500	310	190
Transportation Supplies	15,585	(300)	15,285	11,321	3,964
Other Objects	400	-	400	300	100
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>1,656,145</b>	<b>43,725</b>	<b>1,699,870</b>	<b>1,583,939</b>	<b>115,931</b>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	604,000	(58,557)	545,443	545,442	1
Other Retirement Contributions - PERS	792,100	(17,260)	774,840	760,583	14,257
Other Retirement Contributions - Regular	4,000	119	4,119	4,118	1
Workers' Compensation	364,527	(39,000)	325,527	325,177	350
Health Benefits	7,093,500	181,838	7,275,338	7,275,338	-
Tuition Reimbursement	108,700	(35,400)	73,300	29,787	43,513
Other Employee Benefits	570,623	(33,600)	537,023	517,233	19,790
Unused Sick Payment	70,000	(42,500)	27,500	17,000	10,500
<b>Total Unallocated Benefits</b>	<b>9,607,450</b>	<b>(44,360)</b>	<b>9,563,090</b>	<b>9,474,678</b>	<b>88,412</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				\$ 2,157,094	\$ (2,157,094)
Pension - Normal Cost				3,260,653	(3,260,653)
Pension - NCGI Premium				79,128	(79,128)
Pension - Long-term Disability				5,771	(5,771)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,656,328	(1,656,328)
Total Undistributed Expenditures	\$ 29,036,174	\$ 1,669,835	\$ 30,706,009	36,405,300	\$ (5,699,291)
Total Current Expenditures	49,625,570	2,109,287	51,734,858	56,324,892	(4,590,034)
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	-	6,521	6,521	6,521	-
Grades 9-12	5,000	724	5,724	5,724	-
Undistributed					
Instruction	16,400	(16,400)	-	-	-
School Administration	-	67,995	67,995	7,999	59,996
Admin. Information Technology	3,600	(2,000)	1,600	-	1,600
Required Maint. For School Fac.	-	41,502	41,502	34,000	7,502
Care and Upkeep of Grounds	-	33,900	33,900	-	33,900
Security	10,000	(10,000)	-	-	-
Student Trans. -Non-Inst. Equip.	-	7,619	7,619	7,619	-
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	159,362	(82,800)	76,562	-	76,562
Construction Services	979,885	128,682	1,108,567	838,363	270,204
Lease Purchase Agreement - Principal	1,325,000	-	1,325,000	1,325,000	-
Other Objects - Debt Service Assessment	28,526	-	28,526	28,526	-
Total Capital Outlay	2,527,773	175,743	2,703,516	2,253,752	449,764
Transfer Funds To Charter School	544,224	82,359	626,583	626,583	-
Total General Fund	52,697,567	2,367,389	55,064,957	59,205,227	(4,140,270)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,206,077)	(1,727,098)	(2,933,176)	893,101	3,826,277
<b>Other Financing Sources (Uses)</b>					
Operating Transfer Out - Capital Projects Fund	(110)	-	(110)	-	110
Operating Transfer In - Capital Projects Fund	-	-	-	1,183,725	1,183,725
Operating Transfer Out - Special Revenue Fund	(551,572)	(145,822)	(697,394)	(576,553)	120,841
Total Other Financing Sources (Uses)	(551,682)	(145,822)	(697,504)	607,172	1,304,676

HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ (1,757,759)	\$ (1,872,920)	\$ (3,630,680)	\$ 1,500,273	\$ 5,130,953
Fund Balance, Beginning of Year	<u>6,167,018</u>	<u>-</u>	<u>6,167,018</u>	<u>6,167,018</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,409,259</u>	<u>\$ (1,872,920)</u>	<u>\$ 2,536,338</u>	<u>\$ 7,667,291</u>	<u>\$ 5,130,953</u>
Recapitulation					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 2,894,135	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,470,652	
Excess Surplus - Designated for Subsequent Year's Expenditures				54,474	
Excess Surplus				220,000	
<b>Committed Fund Balance</b>					
Encumbrances				100,532	
<b>Assigned Fund Balance</b>					
Encumbrances				718,605	
Designated for Subsequent Year's Expenditures				570,526	
<b>Unassigned Fund Balance</b>					
Undesignated				<u>1,638,367</u>	
				<u>7,667,291</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Less:					
Last State Aid Payments not recognized on GAAP Basis				(2,178,868)	
Extraordinary Aid Payment				<u>(585,911)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 4,902,512</u>	

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,066,031	\$ 293,750	\$ 1,359,781	\$ 1,311,859	\$ (47,922)
Federal	1,500,957	489,908	1,990,865	1,799,754	(191,111)
Local Sources					
Miscellaneous	-	65,135	65,135	22,122	(43,013)
<b>Total Revenues</b>	<u>2,566,988</u>	<u>848,793</u>	<u>3,415,781</u>	<u>3,133,735</u>	<u>(282,046)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	1,148,774	71,777	1,220,551	1,185,217	35,334
Other Salaries for Instruction	249,607	37,506	287,113	269,979	17,134
Purchased Professional/Educational Services		19,725	19,725	11,800	7,925
Other Purchased Services	712,339	158,794	871,133	867,156	3,977
General Supplies	298,276	(44,786)	253,490	164,920	88,570
Miscellaneous Expenditures	-	25,636	25,636	768	24,868
<b>Total Instruction</b>	<u>2,408,996</u>	<u>268,652</u>	<u>2,677,648</u>	<u>2,499,840</u>	<u>177,808</u>
Support Services					
Salaries of Supervisors Instruction	29,387	5,000	34,387	28,004	6,383
Salaries of Program Directors	64,621	191	64,812	64,811	1
Salaries of Other Professional Staff	16,310	(9,802)	6,508	1,630	4,878
Salaries of Secretarial and Clerical Asst.		19,348	19,348	18,040	1,308
Other Salaries		52,710	52,710	41,800	10,910
Salaries - Family/Parent Liaison		26	26	26	-
Personal Services-Employee Benefits	361,253	416,871	778,124	718,311	59,813
Purchased Professional/Educational Services	108,911	262,300	371,211	281,998	89,213
Transportation		10,493	10,493	1,764	8,729
Travel	71,783	(44,848)	26,935	14,937	11,998
Other Purchased Services		2,201	2,201	201	2,000
Supplies and Materials	57,299	4,073	61,372	32,521	28,851
Miscellaneous Expenditures	-	400	400	378	22
<b>Total Support Services</b>	<u>709,564</u>	<u>718,963</u>	<u>1,428,527</u>	<u>1,204,421</u>	<u>224,106</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	7,000	7,000	6,027	973
<b>Total Facilities Acq. &amp; Construction</b>	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>6,027</u>	<u>973</u>
<b>Total Expenditures</b>	<u>3,118,560</u>	<u>994,615</u>	<u>4,113,175</u>	<u>3,710,288</u>	<u>402,887</u>
Deficiency of Revenues Under Expenditures	(551,572)	(145,822)	(697,394)	(576,553)	120,841
Other Financing Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	551,572	145,822	697,394	576,553	(120,841)
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
Less Current Year State Aid Payments not recognized on GAAP Basis				\$ (117,695)	
Fund Balance per Governmental Funds (GAAP)				\$ (117,695)	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**HILLSIDE BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 60,098,328	(C-2)	\$ 3,133,735
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2017			43,204
Encumbrances, June 30, 2018			(364)
State Aid and Extraordinary Aid payments (2016/2017) recognized for GAAP Statements not recognized for budgetary purposes.	2,878,437		94,711
State Aid and Extraordinary Aid payments (2017/2018) recognized for budgetary purposes not recognized for GAAP statements	<u>(2,764,779)</u>		<u>(117,695)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 60,211,986</u>		<u>\$ 3,153,591</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 59,205,227	(C-2)	\$ 3,710,288
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2017			43,204
Encumbrances, June 30, 2018	<u>-</u>		<u>(364)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 59,205,227</u>	(B-2)	<u>\$ 3,753,128</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Five Fiscal Years\***

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.08039	%	0.07804	%	0.07747	%	0.07602	%	0.07537	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,715,555		\$ 23,115,036		\$ 17,389,569		\$ 14,233,593		\$ 14,404,969	
District's Covered-Employee Payroll	\$ 5,556,246		\$ 5,428,652		\$ 5,234,389		\$ 5,057,539		\$ 5,024,804	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	336.84%	%	425.80%	%	332.22%	%	281.43	%	286.68	%
∞ Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.1	%	40.14	%	47.93	%	52.08	%	48.72	%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.



**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 744,809	\$ 693,351	\$ 666,000	\$ 626,723	\$ 569,494
Contributions in Relation to the Contractually Required Contribution	<u>744,809</u>	<u>693,351</u>	<u>666,000</u>	<u>626,723</u>	<u>569,494</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,556,246	\$ 5,428,652	\$ 5,234,389	\$ 5,057,539	\$ 5,024,804
Contributions as a Percentage of Covered-Employee Payroll	13.40%	12.77%	12.72%	12.39%	11.33%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>150,398,267</u>	<u>175,905,208</u>	<u>141,176,459</u>	<u>119,969,003</u>	<u>116,653,960</u>
Total	<u>\$ 150,398,267</u>	<u>\$ 175,905,208</u>	<u>\$ 141,176,459</u>	<u>\$ 119,969,003</u>	<u>\$ 116,653,960</u>
District's Covered-Employee Payroll	\$ 23,141,862	\$ 22,193,461	\$ 22,962,182	\$ 22,313,032	\$ 22,037,145
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**HILLSIDE BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
 TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 5,215,181
Interest on Total OPEB Liability	3,095,280
Changes of Assumptions	(12,957,575)
Gross Benefit Payments	(2,706,108)
Contribution from the Member	99,646
<b>Net Change in Total OPEB Liability</b>	<b>(7,253,576)</b>
<b>Total OPEB Liability - Beginning</b>	<b>105,331,974</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 98,078,398</b>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	98,078,398
Total OPEB Liability - Ending	\$ 98,078,398
District's Covered-Employee Payroll	\$ 28,698,108
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 4.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>Total</u>
<b>REVENUES</b>			
Intergovernmental			
State		\$ 1,311,859	\$ 1,311,859
Federal	\$ 1,799,754		1,799,754
Local Sources			
Miscellaneous	-	22,122	22,122
Total Revenues	<u>1,799,754</u>	<u>1,333,981</u>	<u>3,133,735</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries of Teachers	450,258	734,959	1,185,217
Other Salaries for Instruction		269,979	269,979
Purchased Professional/Educational Services	11,800		11,800
Other Purchased Services	865,206	1,950	867,156
General Supplies	108,575	56,345	164,920
Miscellaneous Expenditures	768	-	768
Total Instruction	<u>1,436,607</u>	<u>1,063,233</u>	<u>2,499,840</u>
Support Services			
Salaries of Supervisors Inst.		28,004	28,004
Salaries of Program Directors		64,811	64,811
Salaries of Other Professional Staff	1,630		1,630
Salaries of Secretarial and Clerical Asst.		18,040	18,040
Other Salaries	41,505	295	41,800
Salaries - Family/Parent Liaison		26	26
Personal Services-Employee Benefits	236,590	481,721	718,311
Purchased Professional/Educational Services	60,054	221,944	281,998
Transportation	1,764		1,764
Travel	14,647	290	14,937
Other Purchased Services	-	201	201
Supplies and Materials	6,957	25,564	32,521
Miscellaneous Expenditures	-	378	378
Total Support Services	<u>363,147</u>	<u>841,274</u>	<u>1,204,421</u>
Facilities Acquisition and Construction			
Instructional Equipment	-	6,027	6,027
Total Facilities Acq. & Construction	<u>-</u>	<u>6,027</u>	<u>6,027</u>
Total Expenditures	<u>1,799,754</u>	<u>1,910,534</u>	<u>3,710,288</u>
Deficiency of Revenues Under Expenditures	-	(576,553)	(576,553)
Other Financing Sources/(Uses)			
Budgeted Transfer from General Fund		576,553	576,553
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>No Child Left Behind (NCLB) Consolidated</u>					<u>Individuals With Disabilities Education Act</u>		<u>Temporary Emergency Impact Aid</u>	<u>Race to the Top</u>	<u>Subtotal E-1A</u>
	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Emergency Immigrant</u>	<u>Title IV</u>	<u>Part B-Basic</u>	<u>Part B Preschool</u>			
<b>REVENUES</b>										
Intergovernmental										
Federal	\$ 747,846	\$ 93,606	\$ 64,603	\$ 2,222	\$ 2,000	\$ 847,889	\$ 23,581	\$ 18,000	\$ 7	\$ 1,799,754
Total Revenues	<u>\$ 747,846</u>	<u>\$ 93,606</u>	<u>\$ 64,603</u>	<u>\$ 2,222</u>	<u>\$ 2,000</u>	<u>\$ 847,889</u>	<u>\$ 23,581</u>	<u>\$ 18,000</u>	<u>\$ 7</u>	<u>\$ 1,799,754</u>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	\$ 439,426		\$ 10,832							\$ 450,258
Purchased Professional-Educational Services	9,300		2,500							11,800
Other Purchased Services						\$ 841,625	\$ 23,581			865,206
General Supplies	50,690		39,878					\$ 18,000	\$ 7	108,575
Miscellaneous Expenditures	768	-	-	-	-	-	-	-	-	768
Total Instruction	<u>500,184</u>	<u>-</u>	<u>53,210</u>	<u>-</u>	<u>-</u>	<u>841,625</u>	<u>23,581</u>	<u>18,000</u>	<u>7</u>	<u>1,436,607</u>
Support Services										
Salaries of Other Professional Staff			1,630							1,630
Other Salaries		\$ 39,441		\$ 2,064						41,505
Personal Services-Employee Benefits	232,462	3,017	953	158						236,590
Purchased Professional-Educational Services	8,419	35,700	7,671		\$ 2,000	6,264				60,054
Transportation	625		1,139							1,764
Travel		14,647								14,647
Other Purchased Services										-
Supplies and Materials	6,156	801								6,957
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>247,662</u>	<u>93,606</u>	<u>11,393</u>	<u>2,222</u>	<u>2,000</u>	<u>6,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,147</u>
Facilities Acquisition and Construction										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 747,846</u>	<u>\$ 93,606</u>	<u>\$ 64,603</u>	<u>\$ 2,222</u>	<u>\$ 2,000</u>	<u>\$ 847,889</u>	<u>\$ 23,581</u>	<u>\$ 18,000</u>	<u>\$ 7</u>	<u>\$ 1,799,754</u>
Deficiency of Revenues Under Expenditures	-	-	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)										
Budgeted Transfer from General Fund										
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Chapter 192</u>		<u>Chapter 193</u>							
	<u>Miscellaneous</u>	<u>Preschool Education Aid</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Security</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Comp. Education</u>	<u>Transportation</u>	<u>Examination &amp; Classification</u>	<u>Subtotal E-1B</u>
<b>REVENUES</b>										
Intergovernmental										
State		\$ 1,176,954	\$ 9,220	\$ 12,885	\$ 10,185	\$ 6,185	\$ 82,608	\$ 1,092	\$ 12,730	\$ 1,311,859
Local	\$ 22,122	-	-	-	-	-	-	-	-	22,122
Total Revenues	\$ 22,122	\$ 1,176,954	\$ 9,220	\$ 12,885	\$ 10,185	\$ 6,185	\$ 82,608	\$ 1,092	\$ 12,730	\$ 1,333,981
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers		\$ 734,959								\$ 734,959
Other Salaries for Instruction	\$ 2,679	267,300								269,979
Other Purchased Services	1,950									1,950
General Supplies	2,977	53,368	-	-	-	-	-	-	-	56,345
Total Instruction	7,606	1,055,627	-	-	-	-	-	-	-	1,063,233
Support Services										
Salaries of Supervisors Inst.		28,004								28,004
Salaries of Program Directors		64,811								64,811
Salaries of Secretarial and Clerical Asst.		18,040								18,040
Other Salaries	295									295
Salaries - Family/Parent Liaison		26								26
Personal Services-Employee Benefits		481,721								481,721
Purchased Professional/Educational Services		87,039	\$ 9,220	\$ 12,885	10,185	\$ 6,185	\$ 82,608	\$ 1,092	\$ 12,730	221,944
Other Purchased Services		201								201
Travel		290								290
Supplies and Materials	14,221	11,343								25,564
Miscellaneous	-	378	-	-	-	-	-	-	-	378
Total Support Services	14,516	691,853	9,220	12,885	10,185	6,185	82,608	1,092	12,730	841,274
Facilities Acquisition and Construction										
Instructional Equipment	-	6,027	-	-	-	-	-	-	-	6,027
Total Facilities Acq. & Construction	-	6,027	-	-	-	-	-	-	-	6,027
Total Expenditures	\$ 22,122	\$ 1,753,507	\$ 9,220	\$ 12,885	\$ 10,185	\$ 6,185	\$ 82,608	\$ 1,092	\$ 12,730	\$ 1,910,534
Deficiency of Revenues Under Expenditures	-	(576,553)	-	-	-	-	-	-	-	(576,553)
Other Financing Sources/(Uses)										
Budgeted Transfer from General Fund		576,553								576,553
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 734,959	\$ 734,959	\$ -
Other Salaries for Instruction	267,300	267,300	-
General Supplies	53,368	53,368	-
Total Instruction	<u>1,055,627</u>	<u>1,055,627</u>	<u>-</u>
<b>Support Services:</b>			
Salaries of Supervisors Inst.	28,004	28,004	-
Salaries of Program Directors	64,811	64,811	-
Salaries of Secretaries & Clerical Assistants	18,040	18,040	-
Salaries - Family/Parent Liaison	26	26	-
Purchased Services - Employee Benefits	481,721	481,721	-
Purchased Professional - Educational Services	87,039	87,039	-
Other Purchased Services	201	201	-
Travel	290	290	-
Supplies and Materials	11,343	11,343	-
Miscellaneous	378	378	-
Total Support Services	<u>691,853</u>	<u>691,853</u>	<u>-</u>
<b>Facilities Acquisition and Construction</b>			
Instructional Equipment	<u>6,027</u>	<u>6,027</u>	<u>-</u>
Total Facilities Acq. & Construction	<u>6,027</u>	<u>6,027</u>	<u>-</u>
Total Expenditures	<u>\$ 1,753,507</u>	<u>\$ 1,753,507</u>	<u>\$ -</u>
Total Revised 2017-2018 Preschool Education Aid Allocation			\$ 1,176,954
Add: Actual Preschool Aid Carryover (June 30, 2017)			-
Add: Prior Year Order Cancelled			-
Add: Budgeted Transfer from the General Fund 2017-2018			<u>576,553</u>
Total Preschool Education Aid Funds Available for 2017-2018 Budget			1,753,507
Less: Budgeted Preschool Education Aid			<u>-</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018			1,753,507
Add: June 30, 2018 Unexpended Preschool Education Aid			<u>-</u>
2017-2018 Carryover - Preschool Education Aid			<u>\$ 1,753,507</u>
2017-2018 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2018-2019			<u>\$ -</u>

**CAPITAL PROJECTS FUND**

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Issue/Project Title</u>	<u>Revised Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2015	Upgrade Security at Main Entrance - Hillside High School	\$ 548,089	\$ 425,835	\$ 20,768	\$ 55,316	\$ 46,170
2015	Upgrade Security at Main Entrance - Walter O. Krumbiegel Middle School	197,530	192,001	5,529	-	-
2015	Upgrade Security at Main Entrance - Hurden Looker Elementary	573,693	427,137	12,952	72,883	60,721
2015	Upgrade Security at Main Entrance - AP Morris Early Childhood Center	222,980	194,492	11,438	9,131	7,919
2015	Upgrade Security at Main Entrance - George Washington Elementary	324,889	199,678	8,638	63,568	53,005
2016	Renovation and Addition - George Washington Elementary	<u>8,600,000</u>	<u>6,942,530</u>	<u>474,079</u>	<u>1,183,391</u>	<u>-</u>
		<u>\$ 10,467,181</u>	<u>\$ 8,381,673</u>	<u>\$ 533,404</u>	<u>\$ 1,384,289</u>	<u>\$ 167,815</u>

Project Balance - Budgetary Basis	\$ 167,815
Less: SDA Grant Revenue Not Realized Under GAAP	<u>-</u>
Fund Balance - GAAP	<u>\$ 167,815</u>

Recapitulation of Fund Balance-Budgetary Basis

Restricted for Capital Projects: Available for Capital Projects	<u>\$ 167,815</u>
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**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Revenues and Other Financing****Sources**

Interest on Investments	<u>\$ 334</u>
Total Revenues and Other Financing Sources	<u>334</u>

**Expenditures and Other****Financing Uses**

Expenditures	
Purchased Professional and Technical Services	25,721
Construction Services	439,261
General Supplies	65,585
Equipment	2,837
SDA Grants Cancelled	200,898
Transfer to General Fund Interest Earnings	334
Transfer to General Fund/Capital Reserve	<u>1,183,391</u>
Total Expenditures and Other Financing Uses	<u>1,918,027</u>

Excess (deficiency) of Revenues over (under) Expenditures	(1,917,693)
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Fund Balance - Beginning of Year - Budgetary Basis	<u>2,085,508</u>
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Fund Balance - End of Year - Budgetary Basis	<u>\$ 167,815</u>
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Fund Balance - End of Year - GAAP Basis	<u>\$ 167,815</u>
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**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HILLSIDE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 299,785	\$ (55,316)	\$ 244,469	\$ 244,469
Transfer from Capital Reserve	248,304	-	248,304	248,304
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	548,089	(55,316)	492,773	492,773
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	45,131		45,131	45,131
Construction Services	380,704	20,768	401,472	447,642
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	425,835	20,768	446,603	492,773
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 122,254</u>	<u>\$ (76,084)</u>	<u>\$ 46,170</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-050-14-1005			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 548,089			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 492,973			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	90%			
Original target completion date	6/30/2015			
Revised target completion date	12/31/2018			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - WALTER O. KRUMBIEGEL MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 88,517		\$ 88,517	\$ 88,517
Transfer from Capital Reserve	109,013		109,013	109,013
	<hr/>		<hr/>	<hr/>
Total Revenues and Other Financing Sources	197,530	-	197,530	197,530
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	15,731		15,731	15,731
Construction Services	176,270	\$ 5,529	181,799	181,799
	<hr/>		<hr/>	<hr/>
Total Expenditures	192,001	5,529	197,530	197,530
<b>Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures</b>				
	<u>\$ 5,529</u>	<u>\$ (5,529)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-085-14-1008			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 191,338			
Additional Authorized Cost	6,192			
Revised Authorized Cost	\$ 197,530			
Percentage Increase over Original Authorized Cost				
	N/A			
Percentage completion				
	100%			
Original target completion date				
	6/30/2015			
Revised target completion date				
	12/31/2017			



**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HURDEN LOOKER ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 313,789	\$ (72,883)	\$ 240,906	\$ 240,906
Transfer from Capital Reserve	259,904	-	259,904	259,904
	<u>573,693</u>	<u>(72,883)</u>	<u>500,810</u>	<u>500,810</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	44,193		44,193	44,193
Construction Services	382,944	12,952	395,896	456,617
	<u>427,137</u>	<u>12,952</u>	<u>440,089</u>	<u>500,810</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 146,556</u>	<u>\$ (85,835)</u>	<u>\$ 60,721</u>	<u>\$ -</u>

**Additional project information:**

Project Number	2190-080-14-1007
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 573,693
Additional Authorized Cost	N/A
Revised Authorized Cost	\$ 500,810

Percentage Increase over Original Authorized Cost	N/A
Percentage completion	90%
Original target completion date	6/30/2015
Revised target completion date	12/31/2018

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - AP MORRIS EARLY CHILDHOOD CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 121,962	\$ (9,131)	\$ 112,831	\$ 112,831
Transfer from Capital Reserve	101,018	-	101,018	101,018
	<u>222,980</u>	<u>(9,131)</u>	<u>213,849</u>	<u>213,849</u>
Total Revenues and Other Financing Sources	<u>222,980</u>	<u>(9,131)</u>	<u>213,849</u>	<u>213,849</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	20,130		20,130	20,130
Construction Services	174,362	11,438	185,800	193,719
	<u>194,492</u>	<u>11,438</u>	<u>205,930</u>	<u>213,849</u>
Total Expenditures	<u>194,492</u>	<u>11,438</u>	<u>205,930</u>	<u>213,849</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 28,488</u>	<u>\$ (20,569)</u>	<u>\$ 7,919</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-090-14-1009			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 222,980			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 213,849			
Percentage Increase over Original Authorized Cost				
	N/A			
Percentage completion				
	90%			
Original target completion date				
	6/30/2015			
Revised target completion date				
	12/31/2018			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 177,703	\$ (63,568)	\$ 114,135	\$ 114,135
Transfer from Capital Reserve	147,186	-	147,186	147,186
	<u>324,889</u>	<u>(63,568)</u>	<u>261,321</u>	<u>261,321</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	27,431		27,431	27,431
Construction Services	172,247	8,638	180,885	233,890
	<u>199,678</u>	<u>8,638</u>	<u>208,316</u>	<u>261,321</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 125,211</u>	<u>\$ (72,206)</u>	<u>\$ 53,005</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-110-14-1010			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 324,889			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 261,321			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	90%			
Original target completion date	6/30/2015			
Revised target completion date	12/31/2018			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
RENOVATION AND ADDITION - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Purchase Proceeds	\$ 6,750,000		\$ 6,750,000	\$ 6,750,000
Interest on Investments	2,558		2,558	
Transfer from Capital Reserve	1,850,000	\$ (1,183,391)	666,609	666,609
<b>Total Revenues and Other Financing Sources</b>	<b>8,602,558</b>	<b>(1,183,391)</b>	<b>7,419,167</b>	<b>7,416,609</b>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	686,283	25,721	712,004	695,000
Construction Services	6,256,247	379,936	6,636,183	6,721,609
General Supplies		65,585	65,585	
Equipment		2,837	2,837	
Transfer to General Fund	2,558		2,558	
<b>Total Expenditures and Other Financing Uses</b>	<b>6,945,088</b>	<b>474,079</b>	<b>7,419,167</b>	<b>7,416,609</b>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<b>\$ 1,657,470</b>	<b>\$ (1,657,470)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 8,600,000			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 7,416,609			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100%			
Original target completion date	6/30/2018			
Revised target completion date	N/A			

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**HILLSIDE BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**EXHIBIT G-4**

**HILLSIDE BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-5**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**



**HILLSIDE BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY FUND ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 113,977	\$ 937,201	\$ 1,051,178
Accounts Receivable	<u>-</u>	<u>872</u>	<u>872</u>
Total Assets	<u>\$ 113,977</u>	<u>\$ 938,073</u>	<u>\$ 1,052,050</u>

**LIABILITIES**

Payroll Deductions and Withholdings		\$ 938,073	\$ 938,073
Due to Student Groups	\$ 113,977	<u>-</u>	<u>113,977</u>
Total Liabilities	<u>\$ 113,977</u>	<u>\$ 938,073</u>	<u>\$ 1,052,050</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**HILLSIDE BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
<b>ELEMENTARY SCHOOLS</b>				
Calvin Coolidge	\$ 4,235	\$ 15,984	\$ 14,862	\$ 5,357
A.P. Morris	5,474	24,893	22,890	7,477
Hurden Looker	7,301	24,157	24,713	6,745
George Washington	3,489	10,592	9,218	4,863
<b>JUNIOR HIGH SCHOOLS</b>				
Walter O. Krumbiegel	10,814	68,983	67,683	12,114
<b>SENIOR HIGH SCHOOL</b>				
Hillside High School	<u>74,119</u>	<u>144,221</u>	<u>140,919</u>	<u>77,421</u>
Total	<u>\$ 105,432</u>	<u>\$ 288,830</u>	<u>\$ 280,285</u>	<u>\$ 113,977</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Payroll Deductions and Withholdings	\$ 342,241	\$ 16,669,697	\$ 16,711,318	\$ 300,620
Accounts Receivable	(882)	10		(872)
Summer Savings	576,942	637,947	577,436	637,453
Accrued Salaries and Wages	<u>-</u>	<u>17,254,928</u>	<u>17,254,928</u>	<u>-</u>
Total	<u>\$ 918,301</u>	<u>\$ 34,562,582</u>	<u>\$ 34,543,682</u>	<u>\$ 937,201</u>

**LONG-TERM DEBT**

**HILLSIDE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOT APPLICABLE**

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Construction of an Addition and Improvements to the George Washington School	11/6/2015	\$ 6,750,000	11/1/2018	\$ 675,000	1.8669%			
			5/1/2019	675,000	1.8669%			
			11/1/2019	685,000	1.8669%			
			5/1/2020	685,000	1.8669%			
			11/1/2020	1,400,000	1.8669%			
						<u>\$ 5,445,000</u>	<u>\$ 1,325,000</u>	<u>\$ 4,120,000</u>
						<u>\$ 5,445,000</u>	<u>\$ 1,325,000</u>	<u>\$ 4,120,000</u>

**HILLSIDE BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOT APPLICABLE**

## STATISTICAL SECTION

This part of the Hillside Board of Education's comprehensive annual 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 government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

**HILLSIDE BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 13,205,655	\$ 14,064,204	\$ 13,884,937	\$ 13,307,648	\$ 14,909,859	\$ 14,872,057	\$ 16,610,812	\$ 16,566,172	\$ 17,697,811	\$ 18,994,743
Restricted	48,522	48,532	48,639	701,721	701,829	1,862,718	2,712,518	9,618,305	4,379,528	4,532,602
Unrestricted	(919,098)	(46,185)	(946,949)	(766,218)	(668,476)	(15,881,687)	(15,341,938)	(20,975,257)	(17,269,467)	(18,147,217)
<b>Total Governmental Activities Net Position</b>	<b>\$ 12,335,079</b>	<b>\$ 14,066,551</b>	<b>\$ 12,986,627</b>	<b>\$ 13,243,151</b>	<b>\$ 14,943,212</b>	<b>\$ 853,088</b>	<b>\$ 3,981,392</b>	<b>\$ 5,209,220</b>	<b>\$ 4,807,872</b>	<b>\$ 5,380,128</b>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 45,508	\$ 65,733	\$ 52,937	\$ 44,089	\$ 43,664	\$ 89,289	\$ 89,846	\$ 84,085	\$ 104,728	\$ 107,837
Unrestricted	81,006	147,240	208,359	269,127	254,564	231,149	271,420	432,511	538,824	538,514
<b>Total Business-Type Activities Net Position</b>	<b>\$ 126,514</b>	<b>\$ 212,973</b>	<b>\$ 261,296</b>	<b>\$ 313,216</b>	<b>\$ 298,228</b>	<b>\$ 320,438</b>	<b>\$ 361,266</b>	<b>\$ 516,596</b>	<b>\$ 643,552</b>	<b>\$ 646,351</b>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 13,251,163	\$ 14,129,937	\$ 13,937,874	\$ 13,351,737	\$ 14,953,523	\$ 14,961,346	\$ 16,700,658	\$ 16,650,257	\$ 17,802,539	\$ 19,102,580
Restricted	48,522	48,532	48,639	701,721	701,829	1,862,718	2,712,518	9,618,305	4,379,528	4,532,602
Unrestricted	(838,092)	101,055	(738,590)	(497,091)	(413,912)	(15,650,538)	(15,070,518)	(20,542,746)	(16,730,643)	(17,608,703)
<b>Total District Net Position</b>	<b>\$ 12,461,593</b>	<b>\$ 14,279,524</b>	<b>\$ 13,247,923</b>	<b>\$ 13,556,367</b>	<b>\$ 15,241,440</b>	<b>\$ 1,173,526</b>	<b>\$ 4,342,658</b>	<b>\$ 5,725,816</b>	<b>\$ 5,451,424</b>	<b>\$ 6,026,479</b>

Source: District financial records

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions"

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and corrections for capital assets.



**HILLSIDE BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 22,547,632	\$ 22,698,875	\$ 23,018,450	\$ 23,276,436	\$ 23,050,123	\$ 22,919,477	\$ 26,795,030	\$ 27,990,628	\$ 32,057,954	\$ 32,741,063
Special Education	8,820,314	8,859,889	9,129,705	9,425,597	9,299,964	9,982,041	9,236,929	9,942,845	11,299,422	10,990,620
Other Instruction	868,217	1,483,285	1,339,857	1,326,175	1,509,337	1,599,474	1,595,651	1,717,505	1,845,336	1,924,003
School Sponsored Activities and Athletics	555,707	588,643	652,345	727,611	699,647	700,647	777,843	808,825	797,057	826,233
<b>Support Services:</b>										
Student & Instruction Related Services	5,081,023	5,544,199	5,390,566	5,182,761	6,626,499	6,574,029	7,909,394	8,782,273	9,424,472	9,977,950
Attendance And Social Work	36,586	35,234	13,958	15,914	15,010	15,603	15,664	32,058	50,038	150,500
Educational Media/School Library	524,461	924,308	842,858	808,189	864,168	882,624	935,502	1,065,093	1,124,224	1,087,480
School Administrative Services	3,453,503	2,908,408	3,581,123	3,347,762	3,559,103	3,628,876	4,066,728	4,302,884	5,036,336	4,911,264
General Administration	1,072,198	1,747,828	1,017,964	1,086,487	1,095,179	1,020,964	1,264,707	1,204,577	1,313,806	2,032,639
Central Services	1,198,319	959,747	965,077	942,254	1,325,267	1,027,351	1,183,876	1,224,377	1,407,913	1,335,068
Plant Operations And Maintenance	5,629,000	6,296,833	6,670,431	6,090,794	5,744,786	6,224,513	6,197,970	6,324,336	6,237,423	7,210,105
Pupil Transportation	1,444,171	1,315,004	1,224,152	1,299,276	986,186	1,482,745	1,543,651	1,702,699	1,780,843	1,745,975
Other Support Services										
Interest On Long-Term Debt								54,842	118,687	93,431
<b>Total Governmental Activities Expenses</b>	<b>51,231,131</b>	<b>53,362,253</b>	<b>53,846,486</b>	<b>53,529,256</b>	<b>54,775,269</b>	<b>56,058,344</b>	<b>61,522,945</b>	<b>65,152,942</b>	<b>72,493,511</b>	<b>75,026,331</b>
<b>Business-Type Activities:</b>										
Food Service	1,381,807	1,440,987	1,400,535	1,410,289	1,470,885	1,515,374	1,541,980	1,556,282	1,505,700	1,630,350
<b>Total District Expenses</b>	<b>\$ 52,612,938</b>	<b>\$ 54,803,240</b>	<b>\$ 55,247,021</b>	<b>\$ 54,939,545</b>	<b>\$ 56,246,154</b>	<b>\$ 57,573,718</b>	<b>\$ 63,064,925</b>	<b>\$ 66,709,224</b>	<b>\$ 73,999,211</b>	<b>\$ 76,656,681</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)/Rentals			\$ 140,532	\$ 131,180	\$ 705,289	\$ 657,471	\$ 295,075	\$ 274,074	\$ 73,163	\$ 32,459
Operating Grants And Contributions	\$ 8,058,718	\$ 13,675,100	9,055,264	8,779,692	10,955,632	9,965,423	15,583,774	18,032,588	22,827,051	25,265,637
Capital Grants And Contributions	-	181,955	-	-	32,377	77,564	1,330,010	127,027	-	285,395
<b>Total Governmental Activities Program Revenues</b>	<b>8,058,718</b>	<b>13,857,055</b>	<b>9,195,796</b>	<b>8,910,872</b>	<b>11,693,298</b>	<b>10,700,458</b>	<b>17,208,859</b>	<b>18,433,689</b>	<b>22,900,214</b>	<b>25,583,491</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	\$ 499,755	\$ 485,567	\$ 453,785	\$ 434,862	\$ 442,592	\$ 454,267	\$ 412,934	\$ 419,494	\$ 414,694	\$ 411,023
Operating Grants And Contributions	810,558	939,384	960,073	1,027,347	1,013,305	1,083,317	1,169,874	1,292,118	1,217,962	1,222,126
<b>Total Business Type Activities Program Revenues</b>	<b>1,310,313</b>	<b>1,424,951</b>	<b>1,413,858</b>	<b>1,462,209</b>	<b>1,455,897</b>	<b>1,537,584</b>	<b>1,582,808</b>	<b>1,711,612</b>	<b>1,632,656</b>	<b>1,633,149</b>
<b>Total District Program Revenues</b>	<b>\$ 9,369,031</b>	<b>\$ 15,282,006</b>	<b>\$ 10,609,654</b>	<b>\$ 10,373,081</b>	<b>\$ 13,149,195</b>	<b>\$ 12,238,042</b>	<b>\$ 18,791,667</b>	<b>\$ 20,145,301</b>	<b>\$ 24,532,870</b>	<b>\$ 27,216,640</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (43,172,413)	\$ (39,505,198)	\$ (44,650,690)	\$ (44,618,384)	\$ (43,081,971)	\$ (45,357,886)	\$ (44,314,086)	\$ (46,719,253)	\$ (49,593,297)	\$ (49,442,840)
Business-Type Activities	(71,494)	(16,036)	13,323	51,920	(14,988)	22,210	40,828	155,330	126,956	2,799
<b>Total District-Wide Net Expense</b>	<b>\$ (43,243,907)</b>	<b>\$ (39,521,234)</b>	<b>\$ (44,637,367)</b>	<b>\$ (44,566,464)</b>	<b>\$ (43,096,959)</b>	<b>\$ (45,335,676)</b>	<b>\$ (44,273,258)</b>	<b>\$ (46,563,923)</b>	<b>\$ (49,466,341)</b>	<b>\$ (49,440,041)</b>

**HILLSIDE BOARD OF EDUCATION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400	\$ 28,212,610	\$ 28,776,862	\$ 29,927,936	\$ 29,927,936
Unrestricted Grants And Contributions	16,973,199	15,144,879	17,380,092	18,633,587	18,495,504	19,010,557	19,080,335	19,059,560	19,156,699	19,765,400
Miscellaneous Income	767,266	702,187	695,686	711,333	159,457	100,774	149,445	110,659	107,314	321,760
Insurance Proceeds Utilized to Purchase Capital Assets					92,648	-	-	-		
Disposition of Capital Asset, net Transfers	(115,000)	(37,889)	-	-	(6,165)	-	-	-		
<b>Total Governmental Activities</b>	<u>42,526,574</u>	<u>41,236,670</u>	<u>43,570,766</u>	<u>44,874,908</u>	<u>44,782,032</u>	<u>45,672,731</u>	<u>47,442,390</u>	<u>47,947,081</u>	<u>49,191,949</u>	<u>50,015,096</u>
Business-Type Activities:										
Transfers	115,000	102,495	35,000							
<b>Total Business-Type Activities</b>	<u>115,000</u>	<u>102,495</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total District-Wide</b>	<u>\$ 42,641,574</u>	<u>\$ 41,339,165</u>	<u>\$ 43,605,766</u>	<u>\$ 44,874,908</u>	<u>\$ 44,782,032</u>	<u>\$ 45,672,731</u>	<u>\$ 47,442,390</u>	<u>\$ 47,947,081</u>	<u>\$ 49,191,949</u>	<u>\$ 50,015,096</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (645,839)	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	\$ 314,845	\$ 3,128,304	\$ 1,227,828	\$ (401,348)	\$ 572,256
Business-Type Activities	43,506	86,459	48,323	51,920	(14,988)	22,210	40,828	155,330	126,956	2,799
<b>Total District</b>	<u>\$ (602,333)</u>	<u>\$ 1,817,931</u>	<u>\$ (1,031,601)</u>	<u>\$ 308,444</u>	<u>\$ 1,685,073</u>	<u>\$ 337,055</u>	<u>\$ 3,169,132</u>	<u>\$ 1,383,158</u>	<u>\$ (274,392)</u>	<u>\$ 575,055</u>

Source: District financial records

**HILLSIDE BOARD OF EDUCATION  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,826,770	\$ 1,243,746								
Unreserved	(1,546,365)	(319,448)								
Restricted			\$ 42,255	\$ 695,337	\$ 701,829	\$ 501,424	\$ 2,372,027	\$ 1,985,193	\$ 3,044,525	\$ 4,639,261
Committed			880,529							100,532
Assigned			1,200,000	1,497,088	1,742,235	907,973	1,544,442	2,250,060	1,327,546	1,289,131
Unassigned	-	-	(1,922,560)	(1,089,306)	(1,135,984)	(1,089,951)	(1,138,929)	(1,081,973)	(1,083,490)	(1,126,412)
<b>Total General Fund</b>	<b>\$ 280,405</b>	<b>\$ 924,298</b>	<b>\$ 200,224</b>	<b>\$ 1,103,119</b>	<b>\$ 1,308,080</b>	<b>\$ 319,446</b>	<b>\$ 2,777,540</b>	<b>\$ 3,153,280</b>	<b>\$ 3,288,581</b>	<b>\$ 4,902,512</b>
All Other Governmental Funds										
Reserved		\$ 118,747								
Unreserved	\$ (63,065)	(77,274)								
Restricted						\$ 1,361,294	\$ 340,491	\$ 8,049,775	\$ 1,806,140	\$ 167,815
Assigned			\$ 6,384	\$ 6,384						
Unassigned	-	-	(72,092)	(79,241)	\$ (103,206)	(101,565)	(95,334)	(104,681)	(94,711)	(117,695)
<b>Total All Other Governmental Funds</b>	<b>\$ (63,065)</b>	<b>\$ 41,473</b>	<b>\$ (65,708)</b>	<b>\$ (72,857)</b>	<b>\$ (103,206)</b>	<b>\$ 1,259,729</b>	<b>\$ 245,157</b>	<b>\$ 7,945,094</b>	<b>\$ 1,711,429</b>	<b>\$ 50,120</b>

Source: District financial records

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

**HILLSIDE BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400	\$ 28,212,610	\$ 28,776,862	\$ 29,927,936	\$ 29,927,936
Tuition Charges	60,700	136,754	140,532	131,180	93,710	155,478	295,075	274,074	73,163	32,459
Miscellaneous	788,109	744,812	733,350	723,360	828,194	631,786	174,146	124,553	123,018	376,988
State Sources	23,224,549	26,194,212	23,970,549	25,283,438	27,472,900	26,997,291	28,799,996	28,499,171	29,377,556	31,434,695
Federal Sources	1,725,825	2,580,112	2,427,143	2,117,814	1,953,455	2,027,234	1,921,558	1,876,318	1,882,700	1,873,201
<b>Total Revenue</b>	<b>50,700,292</b>	<b>55,185,878</b>	<b>52,801,562</b>	<b>53,785,780</b>	<b>56,388,847</b>	<b>56,373,189</b>	<b>59,403,385</b>	<b>59,550,978</b>	<b>61,384,373</b>	<b>63,645,279</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	22,265,582	22,502,893	22,558,781	22,844,284	22,559,889	22,470,813	23,301,716	23,339,868	24,683,107	25,405,427
Special Education Instruction	8,775,752	8,808,248	9,066,171	9,359,371	9,221,704	9,899,547	8,453,506	8,838,763	9,438,002	9,194,687
Other Instruction	860,389	1,474,676	1,328,876	1,315,860	1,495,081	1,584,917	1,467,219	1,518,221	1,543,735	1,627,544
School Sponsored Act. & Athletics	549,089	580,852	641,874	717,003	686,889	688,135	763,972	784,925	759,243	730,620
<b>Support Services:</b>										
Student & Inst. Related Services	5,026,365	5,486,801	5,319,466	5,113,841	6,517,635	6,463,319	7,068,404	7,580,929	7,802,026	8,056,823
Attendance And Social Work	36,016	34,667	13,684	15,614	14,676	15,248	15,305	30,874	37,390	115,639
Educational Media/School Library	517,039	910,410	827,062	793,628	846,113	863,719	833,411	930,564	899,325	858,419
General Administration	1,063,583	1,739,419	1,007,148	1,077,023	1,083,309	1,008,878	1,088,216	1,176,160	3,911,243	1,547,792
School Administrative Services	3,404,824	2,853,823	3,516,794	3,291,172	3,488,786	3,554,869	3,570,962	3,645,694	5,979,368	4,074,970
Central Services and Info. Technology	1,182,145	945,827	947,809	926,381	966,820	831,260	1,086,019	1,095,037	1,205,633	1,098,419
Plant Operations And Maintenance	5,572,282	6,234,020	6,594,482	6,019,019	5,658,595	6,135,862	6,108,615	6,169,873	1,758,995	6,502,077
Pupil Transportation	1,438,994	1,309,384	1,218,102	1,293,255	1,317,886	1,475,021	1,535,159	1,690,104	1,195,390	1,685,133
Capital Outlay	968,074	1,454,032	557,468	123,583	2,356,852	1,007,300	2,667,359	1,379,133	6,844,378	1,374,615
<b>Debt Service:</b>										
Principal									1,305,000	1,325,000
Interest And Other Charges								45,156	119,902	95,492
<b>Total Expenditures</b>	<b>51,660,134</b>	<b>54,335,052</b>	<b>53,597,717</b>	<b>52,890,034</b>	<b>56,214,235</b>	<b>55,998,888</b>	<b>57,959,863</b>	<b>58,225,301</b>	<b>67,482,737</b>	<b>63,692,657</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(959,842)	850,826	(796,155)	895,746	174,612	374,301	1,443,522	1,325,677	(6,098,364)	(47,378)
<b>Other Financing Sources (Uses)</b>										
Lease Purchase Proceeds (Non-Budgeted)								6,750,000		
Transfers In	206,060	673,160	532,084	607,881	442,911	1,838,724	557,940	2,398,880	687,818	1,760,278
Transfers Out	(321,060)	(775,655)	(567,084)	(607,881)	(442,911)	(1,838,724)	(557,940)	(2,398,880)	(687,818)	(1,760,278)
<b>Total Other Financing Sources (Uses)</b>	<b>(115,000)</b>	<b>(102,495)</b>	<b>(35,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,750,000</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>\$ (1,074,842)</b>	<b>\$ 748,331</b>	<b>\$ (831,155)</b>	<b>\$ 895,746</b>	<b>\$ 174,612</b>	<b>\$ 374,301</b>	<b>\$ 1,443,522</b>	<b>\$ 8,075,677</b>	<b>\$ (6,098,364)</b>	<b>\$ (47,378)</b>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	2.35%	2.28%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial records

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Athletic Account Receipts</u>	<u>Refunds/ Reimbursements</u>	<u>IEP Overhead Fee</u>	<u>Tuitions</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 74,573	\$ 6,565	\$ 41,946	\$ 575,000		\$ 69,182	\$ 767,266
2010	55,700	4,713	3,569	587,830		50,375	702,187
2011	34,560	6,194	26,438	587,830		40,664	695,686
2012	36,326	8,266	40,804	599,587		26,350	711,333
2013	33,519	7,914	55,707	611,579		62,317	771,036
2014	21,162	11,550	28,926	501,993	\$ 155,478	39,136	758,245
2015	18,300	6,433	28,909	-	295,075	95,813	444,530
2016	19,224	6,517	6,231	-	274,074	78,400	384,446
2017	37,410	6,535	26,017	-	73,163	35,081	178,206
2018	99,918	6,292	102,107		32,459	113,109	353,885

Source: District financial records

**HILLSIDE BOARD OF EDUCATION**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 6,936,500	\$702,450,694	\$ 71,442,400	\$123,754,050	\$11,424,300	\$916,007,944	\$ 580,166	\$915,646,090	\$ 2,269,821,789	\$ 2.757
2010	6,950,500	699,658,344	70,854,900	121,231,700	11,460,300	910,155,744	580,329	910,736,073	1,971,040,914	2.804
2011	6,958,400	696,284,344	70,318,400	119,252,100	11,460,300	904,273,544	532,666	904,806,210	1,957,725,793	2.822
2012	7,252,000	692,384,900	71,551,800	115,782,200	11,460,300	898,431,200	765,641	899,196,841	1,717,316,350	2.869
2013	6,406,600	690,839,750	71,702,300	114,652,600	11,459,300	895,060,550	731,812	895,792,362	1,709,435,733	2.937
2014	6,177,500	687,260,850	71,089,800	114,006,000	11,319,900	889,854,050	533,242	890,387,292	1,660,550,712	3.076
2015	6,466,860	686,905,400	71,131,700	113,336,500	11,319,900	889,160,360	1,713,210	890,873,570	1,745,799,948	3.201
2016	6,264,660	686,893,492	71,359,100	112,410,300	11,319,900	888,247,452	919,144	889,166,596	1,604,125,196	3.302
2017	6,407,760	687,988,442	71,533,980	112,222,800	11,319,900	889,472,882	1,004,390	890,477,272	1,672,884,487	3.361
2018	6,158,860	688,501,292	73,100,830	113,921,100	10,789,400	892,471,482	863,119	893,334,601	1,741,053,598	3.384

Source: County Abstract of Ratables

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

**HILLSIDE BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2009	\$ 2.750	\$ 2.965	\$ 0.884	\$ 6.599
2010	2.804	3.147	0.931	6.882
2011	2.822	3.196	0.901	6.919
2012	2.869	3.257	0.952	7.078
2013	2.937	3.193	0.936	7.066
2014	3.076	3.245	0.960	7.281
2015	3.201	3.246	0.955	7.402
2016	3.302	3.191	0.975	7.468
2017	3.361	3.177	1.028	7.566
2018	3.384	3.179	1.049	7.612

Source: County Abstract of Ratables





**HILLSIDE BOARD OF EDUCATION  
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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 24,901,109	\$ 24,901,109	100.00%	N/A
2010	25,529,988	25,529,988	100.00%	N/A
2011	25,529,988	25,529,988	100.00%	N/A
2012	25,529,988	25,529,988	100.00%	N/A
2013	26,040,588	26,040,588	100.00%	N/A
2014	26,561,400	26,561,400	100.00%	N/A
2015	28,212,610	28,212,610	100.00%	N/A
2016	28,776,862	28,776,862	100.00%	N/A
2017	29,927,936	29,927,936	100.00%	N/A
2018	29,927,936	29,927,936	100.00%	N/A

Source: District financial records

**HILLSIDE BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009					-	21,260	
2010					-	21,449	
2011					-	21,555	
2012					-	21,691	
2013					-	21,857	
2014					-	21,966	
2015					-	22,040	
2016		\$ 6,750,000			\$ 6,750,000	22,170	\$ 304
2017		5,445,000			5,445,000	22,274	244
2018		4,120,000			4,120,000	22,274	Est. 185

Source: District financial records

Note:

There was no outstanding debt in the governmental activities in fiscal year 2007 through 2015.

**HILLSIDE BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			

**NOT APPLICABLE**

Source: District financial records

Note: The district does not have any general bonded debt outstanding.

**HILLSIDE BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township	\$ 8,437,909	<u>80,520</u>	\$ 8,357,389
	<u>\$ 8,437,909</u>	<u>\$ 80,520</u>	<u>8,357,389</u>
Overlapping Debt Apportioned to the Municipality:			
Union County			<u>14,753,307</u>
Total Direct and Overlapping Debt			<u>\$ 23,110,696</u>

Source:

(1) Township's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Union County.

(B) The debt was computed based upon usage.

HILLSIDE BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Year 2017

Equalized valuation basis	
2017	\$ 1,733,526,958
2016	1,670,580,124
2015	<u>1,633,585,082</u>
	<u>\$ 5,037,692,164</u>
	\$ 1,679,230,721
	67,169,229 a
	<u>\$ 67,169,229</u>

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt Limit	\$ 88,567,878	\$ 90,609,148	\$ 85,755,863	\$ 80,200,278	\$ 69,831,998	\$ 73,847,923	\$ 66,664,353	\$ 65,567,178	\$ 65,584,697	\$ 67,169,229
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 88,567,878</u>	<u>\$ 90,609,148</u>	<u>\$ 85,755,863</u>	<u>\$ 80,200,278</u>	<u>\$ 69,831,998</u>	<u>\$ 73,847,923</u>	<u>\$ 66,664,353</u>	<u>\$ 65,567,178</u>	<u>\$ 65,584,697</u>	<u>\$ 67,169,229</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

a Limit set by NJSIA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**HILLSIDE BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	21,260	N/A	\$ 50,134	14.60%
2010	21,449	N/A	51,024	14.90%
2011	21,555	N/A	53,086	14.80%
2012	21,691	N/A	54,804	14.80%
2013	21,857	N/A	55,526	15.40%
2014	21,966	N/A	57,985	9.10%
2015	22,040	N/A	60,406	7.80%
2016	22,170	N/A	61,808	7.00%
2017	22,274	N/A	N/A	6.40%
2018	N/A	N/A	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information not available

HILLSIDE BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND TEN YEARS AGO  
 (Unaudited)

Employer	2018		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

**HILLSIDE BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
(Unaudited)  
LAST TEN YEARS**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	246.7	269.6	264.2	253.7	234.0	229.0	206.16	201.66	204.27	228.00
Special education	55.5	57.0	51.2	57.1	57.1	56.2	62.00	61.00	63.00	71.00
Support Services:										
Student & instruction related services	43.4	52.8	52.3	51.6	57.5	58.3	74.65	72.52	68.72	74.58
General administration	6.4	5.3	4.7	4.1	5.0	5.0	4.00	4.00	5.00	5.00
School administrative services	31.6	34.4	31.8	29.8	29.0	29.8	27.60	27.60	26.60	28.66
Other administrative services										
Central services	8.3	8.1	7.7	7.6	7.8	7.8	7.60	7.80	7.80	7.80
Administrative Information Technology	3.2	0.4	0.4	0.4	0.4	0.4	0.40	0.52	0.52	0.52
Plant operations and maintenance	68.8	69.3	72.3	69.9	77.9	66.0	74.50	73.50	72.00	69.20
Pupil transportation	7.0	7.5	11.0	7.4	10.5	10.5	8.50	4.00	4.00	4.00
Other support services			0.1	5.7	6.0	10.5	10.00	8.65	8.00	-
Food Service	0.5	0.5	0.5	0.5	0.5	-	-	0.50	0.50	0.50
<b>Total</b>	<u>471.4</u>	<u>504.9</u>	<u>496.2</u>	<u>487.8</u>	<u>485.6</u>	<u>473.5</u>	<u>475.41</u>	<u>461.75</u>	<u>460.41</u>	<u>489.26</u>

Source: District Personnel Records

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 34 in fiscal year 2008 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.



HILLSIDE BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2009	3,131	\$ 50,692,060	\$ 16,190	1.52%	295	1:12	1:10	1:9	3,131	2,933	0.51%	93.68%
2010	3,140	52,881,020	16,841	4.02%	328	1:11	1:9	1:8	3,140	2,914	0.29%	92.80%
2011	3,103	53,040,249	17,093	1.50%	312	1:11	1:9	1:8	3,103	2,933	-1.18%	94.52%
2012	3,121	52,766,451	16,907	-1.09%	295	1:12	1:11	1:9	3,121	2,966	0.58%	95.03%
2013	3,018	53,857,383	17,845	5.55%	223	1:19	1:12	1:10	3,018	2,812	-3.30%	93.17%
2014	3,007	55,167,628	18,346	8.51%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	0.66%	93.29%
2015	3,084	55,292,489	17,929	6.04%	296	1:11	1:13	1:9	3,084	2,920	1.51%	94.68%
2016	3,041	56,801,012	18,678	4.67%	281	1:12	1:12	1:9	3,041	2,869	-1.39%	94.34%
2017	3,106	59,213,457	19,064	3.91%	284	1:11	1:12	1:10	3,072	2,898	1.02%	94.34%
2018	3,026	60,897,550	20,125	12.25%	276	1:12	1:12	1:10	3,026	2,852	-1.50%	94.25%

Sources: District records

- a. Enrollment based on annual School Register summary.
- b. Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay
- c. Cost per pupil represents operating expenditures divided by enrollment

**HILLSIDE BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<u>Early Learning Center</u>										
A.P Morris/Early Childhood Center										
Square Feet	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Capacity (students)	775	775	775	775	775	775	775	775	775	775
Enrollment	865	612	614	688	644	653	676	642	616	600
<u>Elementary</u>										
Calvin Coolidge										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	153	153	153	153	153	153	153	153	153	153
Enrollment	199	199	195	201	214	204	219	232	224	212
Hurden Looker										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	433	433	433	433	433	433	433	433	433	433
Enrollment	397	402	398	494	423	411	446	469	492	486
George Washington										
Square Feet	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Capacity (students)	330	330	330	330	330	330	330	330	330	450
Enrollment	304	295	356	260	246	217	204	231	247	474
Saybrook										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)										
Enrollment										
APM Annex										
Square Feet		22,000	22,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)		260	260	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment		232	244	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Middle School</u>										
W.O. Krumbiegel										
Square Feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	457	452	443	660	693	701	712	666	622	410
<u>High School</u>										
Hillside High School										
Square Feet	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	909	891	880	842	798	821	826	801	871	844
<u>Other</u>										
Administration Building										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Number of Schools at June 30, 2018										
Early Learning Center = 1										
Elementary = 4										
Middle School = 1										
High School = 1										
Other = 1										

Source: District Records, ASSA

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

Project #(s)	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Facilities										
Calvin Coolidge	\$ 120,488	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	\$ 110,896	\$ 106,508	\$ 99,955	\$ 71,302	\$ 102,334
Hurden Looker	133,321	214,919	270,582	93,510	123,229	175,272	147,442	385,129	107,283	181,531
Walter Krumbiegel	256,800	199,412	154,350	261,164	158,858	211,894	225,878	174,119	299,243	230,838
A.P. Morris	244,489	210,424	208,478	210,750	216,231	323,440	317,806	328,626	242,858	232,576
A.P. Morris Annex		56,562	23,981	-	-	-	-	-	-	-
George Washington	99,843	102,855	80,205	49,114	125,710	134,777	183,004	94,550	159,861	141,403
Hillside High School	407,198	430,940	681,035	910,999	395,337	582,576	359,771	500,624	444,355	493,899
Saybrook	<u>25,621</u>	<u>21,813</u>	<u>12,451</u>	<u>13,992</u>	<u>39,877</u>	<u>20,029</u>	<u>37,193</u>	<u>27,955</u>	<u>17,692</u>	<u>22,248</u>
Total School Facilities	<u>1,287,760</u>	<u>1,377,124</u>	<u>1,469,852</u>	<u>1,630,558</u>	<u>1,204,791</u>	<u>1,558,884</u>	<u>1,377,602</u>	<u>1,610,958</u>	<u>1,342,594</u>	<u>1,404,829</u>
Other Facilities										
Stadium	6,792	14,868	2,853	9,601	8,606	4,098	164,468	28,675	8,291	7,203
Administration	<u>15,193</u>	<u>12,981</u>	<u>10,884</u>	<u>11,881</u>	<u>14,851</u>	<u>40,659</u>	<u>44,378</u>	<u>14,411</u>	<u>13,782</u>	<u>13,441</u>
Total Other Facilities	<u>21,985</u>	<u>27,849</u>	<u>13,737</u>	<u>21,482</u>	<u>23,457</u>	<u>44,757</u>	<u>208,846</u>	<u>43,086</u>	<u>22,073</u>	<u>20,644</u>
Grand Total	<u>\$ 1,309,745</u>	<u>\$ 1,404,973</u>	<u>\$ 1,483,589</u>	<u>\$ 1,652,040</u>	<u>\$ 1,228,248</u>	<u>\$ 1,603,641</u>	<u>\$ 1,586,448</u>	<u>\$ 1,654,044</u>	<u>\$ 1,364,667</u>	<u>\$ 1,425,473</u>

132

Source: School District's Financial Statements

**HILLSIDE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2018  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents (Blanket Property Limit)	\$ 250,000,000	\$ 2,500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	1,000
Boiler and Machinery/System Breakdown	100,000,000	2,500
Educator's Legal Liability	5,000,000	35,000
Flood - Zones A&V	25,000,000	
Flood - All Other Zones	10,000,000	
Earthquake	25,000,000	
Primary Umbrella (Excess of GL & Auto only)	5,000,000	
Excess Umbrella (Excess GL, Auto, and E&O)	30,000,000	
Public Employees' Dishonesty	500,000	1,000
Surety Bonds		
Board Secretary/Business Administrator	50,000	

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**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 AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Hillside Board of Education  
Hillside, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Hillside Board of Education's basic financial statements and have issued our report thereon dated February 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hillside Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Hillside Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hillside Board of Education'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 entity'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 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 may exist that have not been identified.

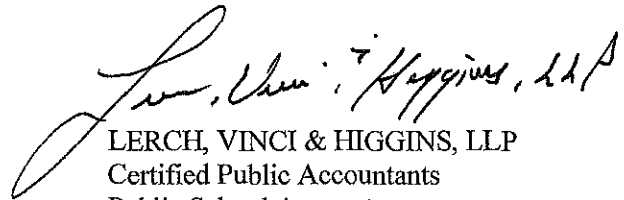
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hillside Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

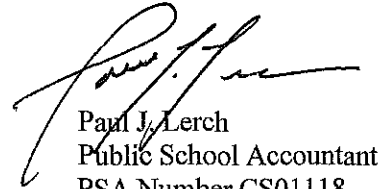
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hillside Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 15, 2019.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hillside Board of Education'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 Hillside Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
February 15, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE  
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS  
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

Honorable President and Members  
of the Board of Trustees  
Hillside Board of Education  
Hillside, New Jersey

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

We have audited the Hillside Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Hillside Board of Education’s major federal and state programs for the fiscal year ended June 30, 2018. The Hillside Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Hillside Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hillside Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Hillside Board of Education's compliance.

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

In our opinion, the Hillside Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

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

Management of the Hillside Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hillside Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hillside Board of Education's internal control over compliance.

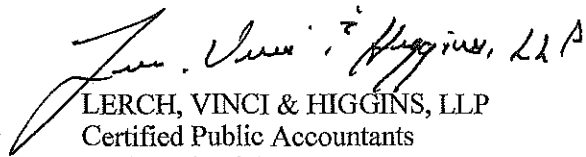
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated February 15, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
February 15, 2019

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	FAIN Number	Grant or State State Project Number	Grant Period	Award Amount	Balance July 1, 2017	(A/R) Carryover Amount	(Unearned Rev) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2018			Memo GAAP Receivable
													(Accounts Receivable)	Unearned Revenue/	Due to Grantor	
<b>U.S. Department of Agriculture</b>																
Passed-through State Department of Education																
National School Lunch Program-Non-Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 128,206	\$ 5,894				\$ 5,894						
National School Lunch Program-Non-Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	131,857				\$ 131,857	127,589				\$ 4,268		
National School Lunch Program-Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	774,033	(152,325)				152,325						
National School Lunch Program-Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	758,917				604,004	758,917			\$ (154,913)		\$ (154,913)	
After School Snack	10.558	171NJ304N1099	N/A	7/1/16-6/30/17	31,526	(6,109)			6,109							
After School Snack	10.558	181NJ304N1099	N/A	7/1/17-6/30/18	33,736				26,562	33,736			(7,174)		(7,174)	
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	266,571	(54,684)			54,684							
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	280,747				221,246	280,747			(59,501)		(59,501)	
<b>Total U.S. Department of Agriculture/Food Service Fund</b>						(207,224)			1,196,787	1,206,883			(221,588)	4,268		(221,588)
<b>U.S. Department of Education passed-through State Department of Education</b>																
<b>General Fund</b>																
Special Education Medicaid Initiative (SEMI) Program	93.778	1805NJSMAP	N/A	7/1/17-6/30/18	65,235	-	-	-	65,235	65,235	-	-	-	-	-	-
<b>Total General Fund</b>									65,235	65,235						
<b>Special Revenue Fund</b>																
<b>I.A.S.A. Consolidated Grant/NCLB</b>																
Title I	84.010A	S010A150030	NCLBCV-09030C	7/1/16-6/30/17	761,318	(144,702)	\$ 60,036	\$ (59,772)	\$ 144,438							
Title I	84.010A	S010A150030	NCLBCV-09030C	7/1/17-6/30/18	726,139		(60,036)	59,772	587,565	747,846			(198,610)	38,065		(160,545)
Title II	84.367A	S367A150029	NCLBCV-09030C	7/1/16-6/30/17	84,451	1,905	55,118	(57,023)								
Title II	84.367A	S367A150029	NCLBCV-09030C	7/1/17-6/30/18	111,504		(55,118)	57,023	85,123	93,606			(81,499)	74,921		(6,578)
Title III	84.365A	S365A150030	NCLBCV-09030C	7/1/16-6/30/17	55,067	(17,254)	45,038	(39,900)	12,116							
Title III	84.365A	S365A150030	NCLBCV-09030C	7/1/17-6/30/18	54,246		(45,038)	39,900	64,505	64,603			(54,779)	29,543		(5,236)
Title III, Emergency Immigrant	84.365A	S365A150030	NCLBCV-09030C	7/1/16-6/30/17	9,402	(1)	9,402	(9,402)			\$ 16,442	\$ 16,441				
Title III, Emergency Immigrant	84.365A	S365A150030	NCLBCV-09030C	7/1/17-6/30/18	9,147		(9,402)	9,402	2,176	2,222			(16,373)	16,327		(46)
Title IV	84.938C	S424A170031	NCLBCV-09030C	7/1/17-6/30/18	10,064				2,000	2,000			(8,064)	8,064		
<b>Total I.D.E.A. Part B Cluster</b>						(133,800)			827,929	871,470	9,000		(174,532)	6,191		(168,341)
Temporary Emergency Impact Aid	84.424			7/1/17-6/30/18	18,000					18,000			(18,000)			(18,000)
Race to the Top, Recovery Act																
Race to the Top	84.413A	B413A120008	N/A	9/1/16-11/30/16	6,000	466				7		459				
<b>Total U.S. Department of Education/Special Revenue Fund</b>						(293,386)			1,725,852	1,799,754	25,442	16,900	(531,857)	173,111		(358,746)
<b>U.S. Department of Housing and Urban Development</b>																
Passed-through State Department of Education																
FEMA Disaster Grant - Sandy	97.036	N/A	N/A		1,774				1,774	1,774						
<b>Total U.S. Department of Homeland Security</b>									1,774	1,774						
<b>Total</b>						\$ (500,610)	\$ -	\$ -	\$ 2,989,648	\$ 3,073,646	\$ 25,442	\$ 16,900	\$ (753,445)	\$ 177,379	\$ -	\$ (580,334)

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2018			Memo Only		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund</b>															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	19,083,433	\$ (1,899,496)		\$ 1,899,496								*	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	19,723,724			17,770,381	\$ 19,723,724			\$ (1,953,343)				*	\$ 19,723,724
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,827,031	(181,896)		181,896								*	
Categorical Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,827,031			1,646,091	1,827,031			(180,940)				*	1,827,031
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	244,325	(24,325)		24,325								*	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	244,325			220,128	244,325			(24,197)				*	244,325
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	6,164	(614)		614								*	
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	6,164			5,597	6,164			(567)				*	6,164
Parcc Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	29,430	(2,930)		2,930								*	
Parcc Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	29,430			26,499	29,430			(2,931)				*	29,430
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	29,430	(2,930)		2,930								*	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	29,430			26,499	29,430			(2,931)				*	29,430
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	30,450	(3,031)		3,031								*	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	30,450			27,423	30,450			(3,027)				*	30,450
<b>Total State Aid - Public Cluster</b>				<b>(2,115,222)</b>		<b>21,837,840</b>	<b>21,890,554</b>			<b>(2,167,936)</b>				*	<b>21,890,554</b>
<b>Extraordinary Special Education Costs Aid</b>															
Extraordinary Special Education Costs Aid	17-100-034-5120-473	7/1/16-6/30/17	752,225	(752,225)		752,225								*	
Extraordinary Special Education Costs Aid	18-100-034-5120-473	7/1/17-6/30/18	585,911				585,911			(585,911)				*	585,911
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	110,390	(10,990)		10,990								*	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	110,390			99,458	110,390			(10,932)				*	110,390
Lead Testing Aid	18-495-034-5120-104	7/1/17-6/30/18	3,669			3,669								*	3,669
TPAF Pension - Post Ret. Medical	18-495-034-5094-001	7/1/17-6/30/18	2,157,094			2,157,094	2,157,094							*	2,157,094
TPAF Pension - NCGI Premium	18-495-034-5094-006	7/1/17-6/30/18	79,128			79,128								*	79,128
TPAF Pension - Long-term Disability	18-495-034-5094-006	7/1/17-6/30/18	5,771			5,771								*	5,771
TPAF Pension - Normal Cost	18-495-034-5094-007	7/1/17-6/30/18	3,260,653			3,260,653	3,260,653							*	3,260,653
TPAF - Social Security	17-495-034-5094-003	7/1/16-6/30/17	1,681,202	(82,416)		82,416								*	
TPAF - Social Security	18-495-034-5094-003	7/1/17-6/30/18	1,656,328			1,575,857	1,656,328			(80,471)				*	1,656,328
<b>Total General Fund</b>				<b>(2,960,853)</b>		<b>29,865,101</b>	<b>29,749,498</b>			<b>(2,845,250)</b>				*	<b>(80,471)</b>
<b>Special Revenue Fund</b>															
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	947,112	(94,711)		94,711								*	
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	1,176,954			1,059,259	1,176,954			(117,695)				*	1,176,954
<b>New Jersey Nonpublic Aid:</b>															
Textbook Aid	17-100-034-5120-373	7/1/16-6/30/17	10,375	204					\$ 204					*	
Textbook Aid	18-100-034-5120-373	7/1/17-6/30/18	9,313			9,313	9,220				\$ 93			*	9,220
Technology Initiative Aid	17-100-034-5120-373	7/1/16-6/30/17	4,680	378					378					*	
Technology Initiative Aid	18-100-034-5120-373	7/1/17-6/30/18	6,290			6,290	6,185				105			*	6,185
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	10,890	10,545					10,545					*	
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	16,781			16,781	10,185				6,596			*	10,185
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	9,200	3,150					3,150					*	
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	12,975			12,975	12,885				90			*	12,885
<b>Total Nonpublic Aid Cluster</b>				<b>14,277</b>		<b>45,359</b>	<b>38,475</b>			<b>14,277</b>			<b>6,884</b>	*	<b>38,475</b>
<b>Auxiliary Services:</b>															
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	74,082	14,243					14,243					*	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	83,003			83,003	82,608						395	*	82,608
Transportation	18-100-034-5120-067	7/1/17-6/30/18	1,092			1,092	1,092							*	1,092
<b>Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster</b>				<b>14,243</b>		<b>84,095</b>	<b>83,700</b>			<b>14,243</b>			<b>395</b>	*	<b>83,700</b>

140

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2018			Memo Only		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>Special Revenue Fund (Continued)</b>															
Handicapped Services:															
Examination and Classification	18-100-034-5120-068	7/1/17-6/30/18	\$ 12,730			\$ 12,730	\$ 12,730						*	-	-
Corrective Speech	17-100-034-5120-068	7/1/16-6/30/17	3,534	\$ 3,534					\$ 3,534				*	-	\$ 12,730
Supplemental Instruction	17-100-034-5120-068	7/1/16-6/30/17	4,315	4,315					4,315				*	-	-
Supplemental Instruction	18-100-034-5120-068	7/1/17-6/30/18	4,996	-	-	4,996	-	-	-	-	-	\$ 4,996	*	-	-
<b>Total Nonpublic Handicapped Services Aid (Chapter 193) Cluster</b>				<u>7,849</u>	<u>-</u>	<u>17,726</u>	<u>12,730</u>	<u>-</u>	<u>7,849</u>	<u>-</u>	<u>-</u>	<u>4,996</u>	*	<u>-</u>	<u>12,730</u>
<b>Total Special Revenue Fund</b>				<u>(58,342)</u>	<u>-</u>	<u>1,301,150</u>	<u>1,311,859</u>	<u>-</u>	<u>36,369</u>	<u>\$ (117,695)</u>	<u>-</u>	<u>12,275</u>	*	<u>-</u>	<u>\$ 1,311,859</u>
<b>State Department of Agriculture</b>															
<b>Enterprise Fund</b>															
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	15,506	(3,102)		3,102							*	-	-
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	15,243	-	-	12,073	15,243	-	-	(3,170)	-	-	*	\$ (3,170)	15,243
<b>Total Enterprise Fund</b>				<u>(3,102)</u>	<u>-</u>	<u>15,175</u>	<u>15,243</u>	<u>-</u>	<u>-</u>	<u>(3,170)</u>	<u>-</u>	<u>-</u>	*	<u>(3,170)</u>	<u>15,243</u>
<b>State of New Jersey Educational Facilities Construction and Financing</b>															
Window Replacement - Hillside High School	2190-050-14-1012	N/A	755,681	52,058				\$ (52,058)					*	-	-
Hillside High School	2190-050-14-1005	N/A	299,785	(12,755)			20,768	10,508		(23,015)			*	(23,015)	20,768
Hurden-Looker Elementary	2190-080-14-1007	N/A	313,789	(15,204)			12,952	6,971		(21,185)			*	(21,185)	12,952
AP Morris Early Childhood Center	2190-090-14-1009	N/A	121,962	(5,193)			11,438	5,578		(11,053)			*	(11,053)	11,438
George Washington Elementary School	2190-110-14-1010	N/A	177,703	(5,883)			8,638	4,326		(10,195)			*	(10,195)	8,638
<b>Total Capital Projects Fund</b>				<u>13,023</u>	<u>-</u>	<u>-</u>	<u>53,796</u>	<u>(24,675)</u>	<u>-</u>	<u>(65,448)</u>	<u>-</u>	<u>-</u>	*	<u>(65,448)</u>	<u>53,796</u>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>\$ (3,009,274)</u>	<u>\$ -</u>	<u>\$ 31,181,426</u>	<u>31,130,396</u>	<u>\$ (24,675)</u>	<u>\$ 36,369</u>	<u>\$ (3,031,563)</u>	<u>\$ -</u>	<u>\$ 12,275</u>	*	<u>\$ (149,089)</u>	<u>\$ 31,130,396</u>
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>															
							2,157,094								
TPAF Pension - Post Ret. Medical							79,128								
TPAF Pension - NCGI Premium							5,771								
TPAF Pension - Long-term Disability							3,260,653								
TPAF Pension - Normal Cost							5,502,646								
<b>Total for State Financial Assistance for Major Programs Determination</b>							<u>\$ 25,627,750</u>								

141

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and Expenditures of State Financial Assistance

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$113,658 for the general fund and an increase of \$19,856 for the special revenue fund. See the Notes to Required Supplementary Information 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 revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 67,009	\$ 29,863,156	\$ 29,930,165
Special Revenue Fund	1,806,192	1,292,171	3,098,363
Capital Projects Fund		279,368	279,368
Food Service Fund	<u>1,206,883</u>	<u>15,243</u>	<u>1,222,126</u>
Total Financial Assistance	<u>\$ 3,080,084</u>	<u>\$ 31,449,938</u>	<u>\$ 34,530,022</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,656,328 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$3,339,781, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,157,094 and TPAF Long-Term Disability Insurance in the amount of \$5,771 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?                      yes       X       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       X       none reported

Noncompliance material to the basic financial statements noted?                      yes       X       no

**Federal Awards Section**

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

Dollar threshold used to determine Type A Programs \$ 750,000

Auditee qualified as low-risk auditee?                      yes       X       no

Internal Control over compliance:

1) Material weakness(es) identified?                      yes       X       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       X       none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance                      yes       X       no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Part B, Preschool</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.558</u>	<u>171NJ304N1099</u>	<u>After School Snack</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>





**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 section .516(a) of Uniform Guidance and New Jersey OMB's Circular 15-08, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 section .516(a) of Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

There are none.

**HILLSIDE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Uniform Guidance (section .315(a)(b) and New Jersey OMB's Circular 15-08, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

Not Applicable.