

HILLSIDE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Hillside, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Hillside Board of Education
Hillside, New Jersey
For The Fiscal Year Ended June 30, 2019**

**Prepared by
Business Office**

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-16
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	17
A-2 Statement of Activities	18

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	19-20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	22

Proprietary Funds

B-4 Statement of Net Position	23
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	24
B-6 Statement of Cash Flows	25

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	26
B-8 Statement of Changes in Fiduciary Net Position	27

Notes to the Financial Statements	28-65
--	--------------

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	66-74
C-2	Budgetary Comparison Schedule – Special Revenue Fund	75

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	76
-----	--	----

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	77
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	78
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	79
L-4	Notes to Required Supplementary Information	80
L-5	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	81
L-6	Notes to Required Supplementary Information	82

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	83-85
E-2	Schedule of Preschool Education Aid – Budgetary Basis	86

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

		<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (Continued)		
F.	Capital Projects Fund	
F-1	Summary Schedule of Project Expenditures	87
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	88
F-2A	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance- Hillside High School	89
F-2B	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – Hurden Looker Elementary School	90
F-2C	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – AP Morris Early Childhood Center	91
F-2D	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Upgrade Security at Main Entrance – George Washington Elementary School	92
G.	Proprietary Funds	
	<i>Enterprise Fund</i>	
G-1	Combining Statement of Net Position – N/A	93
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – N/A	93
G-3	Combining Statement of Cash Flows – N/A	93
	<i>Internal Service Fund</i>	
G-4	Combining Statement of Net Position – N/A	94
G-5	Combining Statement of Revenues, Expenses and Changes in Net Assets – N/A	94
G-6	Combining Statement of Cash Flows – N/A	94
H.	Fiduciary Funds	
H-1	Combining Statement of Agency Fund Assets and Liabilities	95
H-2	Combining Statement of Changes in Net Position – N/A	95
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	96
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	96
I.	Long-Term Debt	
I-1	Schedule of Serial Bonds – N/A	97
I-2	Schedule of Obligations under Capital Leases	98
I-3	Debt Service Fund Budgetary Comparison Schedule – N/A	99

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION (Continued)

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	100
J-2	Changes in Net Position	101-102
J-3	Fund Balances – Governmental Funds	103
J-4	Changes in Fund Balances - Governmental Funds	104
J-5	General Fund Other Local Revenue by Source	105
J-6	Assessed Value and Actual Value of Taxable Property	106
J-7	Direct and Overlapping Property Tax Rates	107
J-8	Principal Property Taxpayers	108
J-9	Property Tax Levies and Collections	109
J-10	Ratios of Outstanding Debt by Type	110
J-11	Ratios of Net General Bonded Debt Outstanding	111
J-12	Direct and Overlapping Governmental Activities Debt	112
J-13	Legal Debt Margin Information	113
J-14	Demographic and Economic Statistics	114
J-15	Principal Employers	115
J-16	Full-Time Equivalent District Employees by Function/Program	116
J-17	Operating Statistics	117
J-18	School Building Information	118
J-19	Schedule of Required Maintenance for School Facilities	119
J-20	Insurance Schedule	120

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	121-122
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	123-125
K-3	Schedule of Expenditures of Federal Awards	126
K-4	Schedule of State Financial Assistance	127-128
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	129-130
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor's Results	131-132
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	133
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	134-135
K-8	Summary Schedule of Prior Year Findings	136

INTRODUCTORY SECTION



HILLSIDE PUBLIC SCHOOLS

"Building Bridges to Family-School Partnerships"

*Debra J. Sheard, Ed.D.
Acting Superintendent of Schools*

December 5, 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, 2019 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, 2019, 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 Acting Superintendent, Hillside Public Schools

195 Virginia Street, Hillside, NJ 07205

Ph: 908/352-7664 x 6400, DSheard@hillsidek12.org

Fiscal Year	Average Daily Enrollment	Average Daily Attendance	Attendance Percentage
2018-19	3089	2910	94.2%
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%

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, 2019 is 3146. The township and the school district experience slight fluctuation in its demographic due to turnover in housing.

With the district continued partnership with Little Bears Child Care Center, expanding Pre-K3 service in the community, by providing 17 slots for Pre-K3 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-K4-Grade 1) Calvin Coolidge (Grade 2) Hurden Looker (Grades 3 & 4) and 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 camera, 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 2018-2019 school year included a 2% tax levy, however, through continued fiscal efficiency and college partnerships, the Board of Education continues to invest in the educational programming, always looking to improve students’ proficiency in collaborating, thinking critically to problem-solve

DEMOGRAPHICS OF STUDENT POPULATION

African American	67%
White	10%
Hispanic	22%
Other	4%

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, 2nd grade Saturday STEM Academy partnership with Kean University, the Afterschool Book Club and our renewed partnership with the United Way and the 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 old's. The program began on November 1, 2018 and had 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. With a reconfiguration of our intermediate and middle schools complete, the redesigned facility helped us achieve the goal of our classrooms becoming laboratories for student success which students engage in hands on, minds-on experiential learning activities. New flooring, fencing, walkways, windows, doors and security cameras enhanced 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 embrace 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 2018-2019 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 PreK -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. We have reintroduced handwriting in the 3rd 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, 2019.

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, 2019, the District had, \$2,770,000 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.

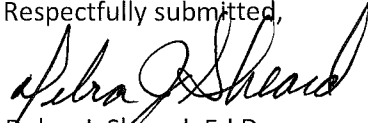
OTHER INFORMATION:

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,



Debra J. Sheard, Ed.D.

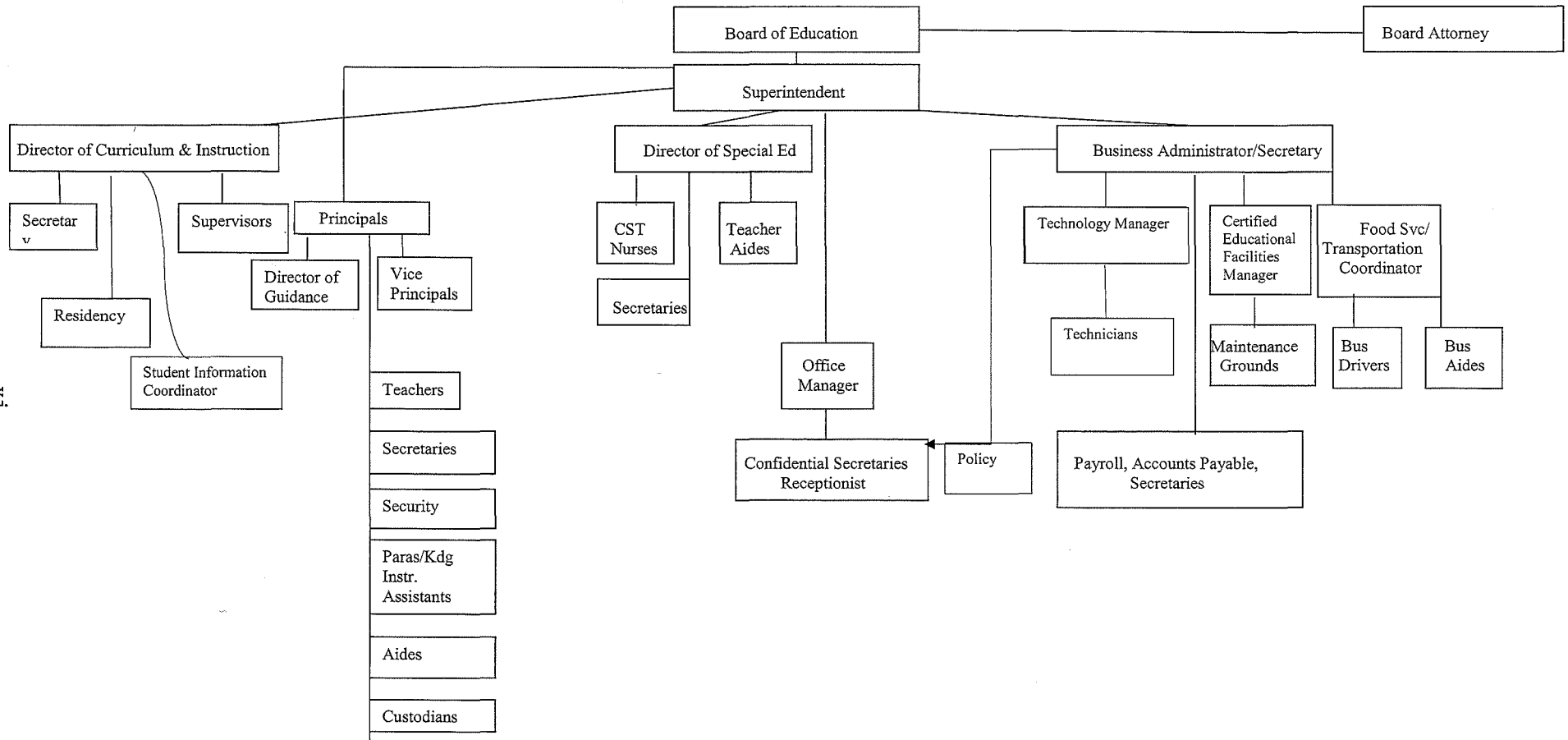
Acting Superintendent of Schools



David Eichermoltz, Ed.D.

Business Administrator/Board Secretary

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



**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Juan Allende	2019
Laquana Best	2019
Kimberly Cook	2021
Joel Chapman	2021
Calvin Lofton	2020
Angela Menza	2020
Pinchas Shapiro	2019
Shalanda Thomas	2020
Hawaiian Thompson-Epps	2019

Other Officials

Dr. Debra Sheard, Acting Superintendent of Schools
Dr. David Eichenholtz, Business Administrator/Board Secretary
Raymond Hamlin, Board Attorney
Hunt, Hamlin & Ridley

**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2019**

ATTORNEY

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

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, 2019 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, 2019, 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.

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

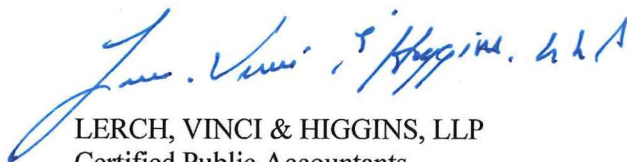
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hillside Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures 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 December 5, 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
December 5, 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, 2019**

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, 2019. 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 2019 are as follows:

- District-Wide - Overall revenues were \$74,769,312. General revenues accounted for \$50,564,080 or 68 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,205,232 or 32 percent of total revenues of \$74,769,312.
- District-Wide - The School District had \$73,146,002 in expenses; only \$24,205,232 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$50,564,080 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 \$5,344,174 an increase of \$391,542 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2019, unassigned fund balance for the General Fund was \$(1,199,525) a decrease of \$73,113.

**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 2019 and 2018 which for 2019 and 2018 were \$7,649,789 and \$6,026,479, 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, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	\$ 6,995,891	\$ 7,321,478	\$ 826,752	\$ 789,845	\$ 7,822,643	\$ 8,111,323
Capital Assets	<u>23,312,307</u>	<u>23,114,743</u>	<u>104,469</u>	<u>107,837</u>	<u>23,416,776</u>	<u>23,222,580</u>
Total Assets	<u>30,308,198</u>	<u>30,436,221</u>	<u>931,221</u>	<u>897,682</u>	<u>31,239,419</u>	<u>31,333,903</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>3,586,557</u>	<u>5,011,117</u>	<u>-</u>	<u>-</u>	<u>3,586,557</u>	<u>5,011,117</u>
Total Assets and Deferred Outflow of Resources	<u>33,894,755</u>	<u>35,447,338</u>	<u>931,221</u>	<u>897,682</u>	<u>34,825,976</u>	<u>36,345,020</u>
Liabilities						
Current Liabilities	1,656,026	2,375,256	237,404	247,063	1,893,430	2,622,319
Non-Current Liabilities	<u>19,933,939</u>	<u>23,935,238</u>	<u>-</u>	<u>-</u>	<u>19,933,939</u>	<u>23,935,238</u>
Total Liabilities	<u>21,589,965</u>	<u>26,310,494</u>	<u>237,404</u>	<u>247,063</u>	<u>21,827,369</u>	<u>26,557,557</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	5,346,928	3,756,716			5,346,928	3,756,716
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>1,890</u>	<u>4,268</u>	<u>1,890</u>	<u>4,268</u>
Total Liabilities and Deferred Inflow of Resources	<u>26,936,893</u>	<u>30,067,210</u>	<u>239,294</u>	<u>251,331</u>	<u>27,176,187</u>	<u>30,318,541</u>
Net Position:						
Net Investment in Capital Assets	20,542,307	18,994,743	104,469	107,837	20,646,776	19,102,580
Restricted	4,335,706	4,532,602			4,335,706	4,532,602
Unrestricted	<u>(17,920,151)</u>	<u>(18,147,217)</u>	<u>587,458</u>	<u>538,514</u>	<u>(17,332,693)</u>	<u>(17,608,703)</u>
Total Net Position	<u>\$ 6,957,862</u>	<u>\$ 5,380,128</u>	<u>\$ 691,927</u>	<u>\$ 646,351</u>	<u>\$ 7,649,789</u>	<u>\$ 6,026,479</u>

Governmental activities. Governmental activities increased the District's net position by \$1,577,734. Key elements of this increase 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, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 63,000	\$ 32,459	\$ 452,918	\$ 411,023	\$ 515,918	\$ 443,482
Operating Grants and Contributions	22,312,511	25,265,637	1,229,247	1,222,126	23,541,758	26,487,763
Capital Grants & Contributions	147,556	285,395			147,556	285,395
General Revenues						
Property Taxes	30,526,495	29,927,936			30,526,495	29,927,936
State and Federal Aid - Unrestricted	19,740,098	19,765,400			19,740,098	19,765,400
Miscellaneous	297,487	321,760	-	-	297,487	321,760
Total Revenues	<u>73,087,147</u>	<u>75,598,587</u>	<u>1,682,165</u>	<u>1,633,149</u>	<u>74,769,312</u>	<u>77,231,736</u>
Expenses						
Instruction						
Regular	28,483,466	32,741,063			28,483,466	32,741,063
Special Education	10,805,925	10,990,620			10,805,925	10,990,620
Other Instruction	4,317,811	1,924,003			4,317,811	1,924,003
School Sponsored Activities and Ath.	1,207,838	826,233			1,207,838	826,233
Support Services						
Student and Instruction Related Serv.	10,055,596	11,215,930			10,055,596	11,215,930
General Administrative Services	1,462,348	2,032,639			1,462,348	2,032,639
School Administrative Services	4,852,521	4,911,264			4,852,521	4,911,264
Plant Operations and Maintenance	7,185,612	7,210,105			7,185,612	7,210,105
Pupil Transportation	1,849,250	1,745,975			1,849,250	1,745,975
Central Services and Info. Technology	1,220,532	1,335,068			1,220,532	1,335,068
Interest on Long-Term Debt	68,514	93,431			68,514	93,431
Food Services	-	-	1,636,589	1,630,350	1,636,589	1,630,350
Total Expenses	<u>71,509,413</u>	<u>75,026,331</u>	<u>1,636,589</u>	<u>1,630,350</u>	<u>73,146,002</u>	<u>76,656,681</u>
Change in Net Position	1,577,734	572,256	45,576	2,799	1,623,310	575,055
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 6,957,862</u>	<u>\$ 5,380,128</u>	<u>\$ 691,927</u>	<u>\$ 646,351</u>	<u>\$ 7,649,789</u>	<u>\$ 6,026,479</u>

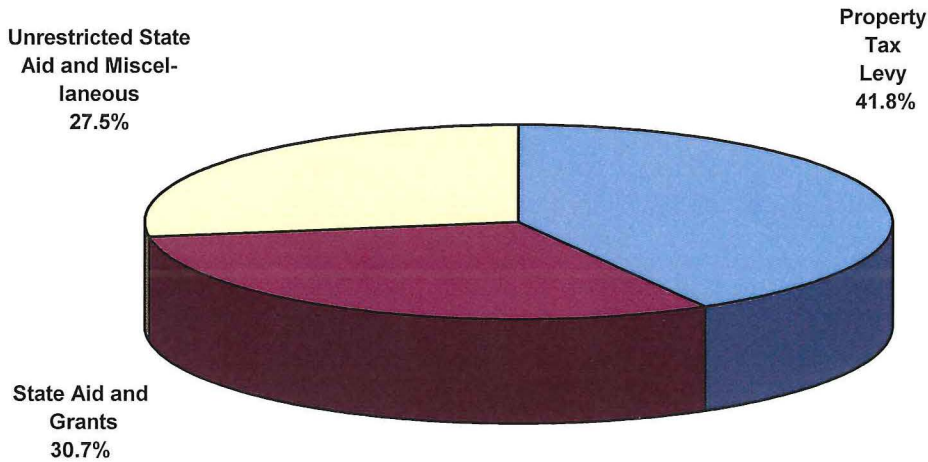
**HILLSIDE BOARD OF EDUCATION
HILLSIDE, NEW JERSEY**

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

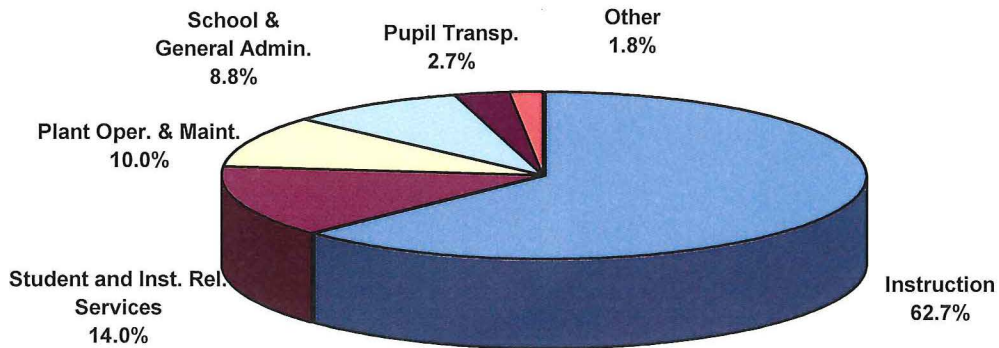
Governmental activities. The District's total governmental revenues were \$73,087,147. General revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$50,564,080 or 69% of total revenues. Program revenue from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$22,523,067 or 31%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$44,815,040 (63%), support services totaled \$26,625,859 (37%) and Debt Service totaled \$68,514 (less than 1%). (See Table A-2.)

Revenues by Source- Governmental Activities
For Fiscal Year 2019



Expenditures by Type- Governmental Activities
For Fiscal Year 2019



**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, 2019 and 2018**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 28,483,466	\$ 32,741,063	\$ 19,106,430	\$ 21,792,717
Special Education	10,805,925	10,990,620	5,261,420	4,908,148
Other Instruction	4,317,811	1,924,003	2,545,956	932,487
School Sponsored Activities and Athletics	1,207,838	826,233	1,154,478	758,529
Support Services				
Student and Instruction Related Svcs.	10,055,596	11,215,930	7,173,781	6,958,285
General Administrative Services	1,462,348	2,032,639	1,423,672	430,787
School Administrative Services	4,852,521	4,911,264	3,781,572	4,736,243
Plant Operations and Maintenance	7,185,612	7,210,105	5,904,414	6,179,484
Pupil Transportation	1,849,250	1,745,975	1,401,625	1,592,445
Central Services	1,220,532	1,335,068	1,164,484	1,060,284
Interest on Long-Term Debt	68,514	93,431	68,514	93,431
Total Governmental Activities	<u>\$ 71,509,413</u>	<u>\$ 75,026,331</u>	<u>\$ 48,986,346</u>	<u>\$ 49,442,840</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$1,636,589. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a net gain of \$45,576.

**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 \$5,344,174. At June 30, 2018, the fund balance was \$4,952,632.

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 \$66,682,095 and expenditures were \$66,290,553.

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, 2019 and 2018.

Revenues

	Fiscal			
	Years Ended June 30,		Amount of	Percent
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>Change</u>
Local Sources	\$ 30,930,206	\$ 30,337,383	\$ 592,823	1.95%
State Sources	34,011,523	31,434,695	2,576,828	8.20%
Federal Sources	<u>1,740,366</u>	<u>1,873,201</u>	<u>(132,835)</u>	-7.09%
 Total Revenues	 <u>\$ 66,682,095</u>	 <u>\$ 63,645,279</u>	 <u>\$ 3,036,816</u>	 4.77%

**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, 2019 and 2018.

Expenditures

	Fiscal		Amount of Change	Percent Change
	Years Ended June 30,			
	<u>2019</u>	<u>2018</u>		
Current				
Instruction	\$ 39,217,585	\$ 36,958,278	\$ 2,259,307	6.11%
Support Services	24,201,765	23,939,272	262,493	1.10%
Capital Outlay	1,450,588	1,374,615	75,973	5.53%
Debt Service	<u>1,420,615</u>	<u>1,420,492</u>	<u>123</u>	0.01%
Total Expenditures	<u>\$ 66,290,553</u>	<u>\$ 63,692,657</u>	<u>\$ 2,597,896</u>	4.08%

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 2019 and 2018, 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**

	<u>2019</u>	<u>2018</u>
Construction in Progress	-	\$ 7,975
Buildings and Building Improvements	\$ 32,745,887	31,728,834
Machinery and Equipment	<u>6,780,842</u>	<u>6,339,332</u>
Total	39,526,729	38,076,141
Less: Accumulated Depreciation	<u>16,214,422</u>	<u>14,961,398</u>
Total	<u>\$ 23,312,307</u>	<u>\$ 23,114,743</u>

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

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

Debt Administration. As of June 30, 2019 and 2018 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>2019</u>	<u>2018</u>
Compensated Absences Payable	\$ 1,168,733	\$ 1,099,683
Lease Purchase Agreements Payable	2,770,000	4,120,000
Net Pension Liability	<u>15,995,206</u>	<u>18,715,555</u>
 Total	 <u>\$ 19,933,939</u>	 <u>\$ 23,935,238</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 2019-20 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 2018-19 year, in the category of capital reserve, the board deposited \$1,000,000.

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 2018-19 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

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

upgraded kitchen. George Washington School is slated to house the 7th and 8th grades. Five-year lease purchase financing along with capital reserve money is funding this work.

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
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, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,570,642	\$ 572,768	\$ 7,143,410
Receivables, net			
Receivables from Other Governments	337,576	215,937	553,513
Other	87,673	27,839	115,512
Inventory		10,208	10,208
Capital Assets, net:			
Being Depreciated	<u>23,312,307</u>	<u>104,469</u>	<u>23,416,776</u>
Total Assets	<u>30,308,198</u>	<u>931,221</u>	<u>31,239,419</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>3,586,557</u>	<u>-</u>	<u>3,586,557</u>
Total Assets and Deferred Outflow of Resources	<u>33,894,755</u>	<u>931,221</u>	<u>34,825,976</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,088,845	230,853	1,319,698
Unearned Revenue	501,300	6,551	507,851
Accrued Interest Payable	4,309		4,309
Payable to State Government	61,572		61,572
Noncurrent Liabilities			
Due within one year	1,370,000		1,370,000
Due beyond one year	<u>18,563,939</u>	<u>-</u>	<u>18,563,939</u>
Total Liabilities	<u>21,589,965</u>	<u>237,404</u>	<u>21,827,369</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	5,346,928		5,346,928
Deferred Commodities Revenue	<u>-</u>	<u>1,890</u>	<u>1,890</u>
Total Liabilities and Deferred Inflow of Resources	<u>26,936,893</u>	<u>239,294</u>	<u>27,176,187</u>
NET POSITION			
Net Investment in Capital Assets	20,542,307	104,469	20,646,776
Restricted for:			
Capital Projects	4,335,706		4,335,706
Unrestricted	<u>(17,920,151)</u>	<u>587,458</u>	<u>(17,332,693)</u>
Total Net Position	<u>\$ 6,957,862</u>	<u>\$ 691,927</u>	<u>\$ 7,649,789</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, 2019**

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	\$ 28,483,466		\$ 9,229,480	\$ 147,556	\$ (19,106,430)		\$ (19,106,430)
Special Education	10,805,925	\$ 63,000	5,481,505		(5,261,420)		(5,261,420)
Other Instruction	4,317,811		1,771,855		(2,545,956)		(2,545,956)
School Sponsored Activities and Athletics	1,207,838		53,360		(1,154,478)		(1,154,478)
Support Services:							
Student & Instruction Related Services	10,055,596		2,881,815		(7,173,781)		(7,173,781)
School Administrative Services	4,852,521		1,070,949		(3,781,572)		(3,781,572)
General Administrative Services	1,462,348		38,676		(1,423,672)		(1,423,672)
Plant Operations and Maintenance	7,185,612		1,281,198		(5,904,414)		(5,904,414)
Pupil Transportation	1,849,250		447,625		(1,401,625)		(1,401,625)
Central Services and Information Technology	1,220,532		56,048		(1,164,484)		(1,164,484)
Interest on Long-Term Debt	68,514	-	-	-	(68,514)	-	(68,514)
Total Governmental Activities	71,509,413	63,000	22,312,511	147,556	(48,986,346)	-	(48,986,346)
Business-Type Activities:							
Food Service	1,636,589	452,918	1,229,247	-	-	\$ 45,576	45,576
Total Business-Type Activities	1,636,589	452,918	1,229,247	-	-	45,576	45,576
Total Primary Government	\$ 73,146,002	\$ 515,918	\$ 23,541,758	\$ 147,556	(48,986,346)	45,576	(48,940,770)
General Revenues:							
Property Taxes, levied for general purposes, net					30,526,495		30,526,495
State and Federal Aid - Unrestricted					19,740,098		19,740,098
Miscellaneous Income					297,487	-	297,487
Total General Revenues					50,564,080	-	50,564,080
Change in Net Position					1,577,734	45,576	1,623,310
Net Position—Beginning of Year					5,380,128	646,351	6,026,479
Net Position—End of Year					\$ 6,957,862	\$ 691,927	\$ 7,649,789

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, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 6,192,670	\$ 377,972		\$ 6,570,642
Receivables From Other Governments	86,733	250,843		337,576
Other Receivables	<u>78,931</u>	<u>8,742</u>	-	<u>87,673</u>
 Total Assets	 <u>\$ 6,358,334</u>	 <u>\$ 637,557</u>	 <u>\$ -</u>	 <u>\$ 6,995,891</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 726,629	\$ 330,913		\$ 1,057,542
Accrued Salaries and Wages	28,803			28,803
Other Liabilities	2,500			2,500
Intergovernmental Accounts Payable		61,572		61,572
Unearned Revenue	<u>-</u>	<u>501,300</u>	<u>-</u>	<u>501,300</u>
 Total Liabilities	 <u>757,932</u>	 <u>893,785</u>	 <u>-</u>	 <u>1,651,717</u>
Fund Balances:				
Restricted				
Capital Reserve	3,680,706			3,680,706
Capital Reserve - Designated for Subsequent Year's Expenditures	655,000			655,000
Excess Surplus - Designated for Subsequent Year's Expenditures	220,000			220,000
Excess Surplus	714,473			714,473
Committed				
Encumbrances	300,000			300,000
Assigned				
Encumbrances	824,748			824,748
Designated for Subsequent Year's Expenditures	405,000			405,000
Unassigned				
General Fund	(1,199,525)			(1,199,525)
Special Revenue Fund	<u>-</u>	<u>(256,228)</u>	<u>-</u>	<u>(256,228)</u>
 Total Fund Balances (Deficit)	 <u>5,600,402</u>	 <u>(256,228)</u>	 <u>-</u>	 <u>5,344,174</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,358,334</u>	 <u>\$ 637,557</u>	 <u>\$ -</u>	

**HILLSIDE BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

Fund Balance Governmental Funds (Exhibit B-1)		\$ 5,344,174
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,526,729 and the accumulated depreciation is \$16,214,422.</p>		
		23,312,307
<p>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.</p>		
Deferred Outflows of Resources	\$ 3,586,557	
Deferred Inflows of Resources	<u>(5,346,928)</u>	
		(1,760,371)
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		
		(4,309)
<p>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:</p>		
Net Pension Liability	(15,995,206)	
Lease Purchase Agreements Payable	(2,770,000)	
Compensated Absences	<u>(1,168,733)</u>	
		<u>(19,933,939)</u>
Net position of governmental activities (Exhibit A-1)		\$ <u>6,957,862</u>

HILLSIDE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Property Tax Levy	\$ 30,526,495			\$ 30,526,495
Tuition	63,000			63,000
Miscellaneous	297,487	\$ 43,224	-	340,711
Total - Local Sources	30,886,982	43,224	-	30,930,206
State Sources	31,826,174	2,185,349		34,011,523
Federal Sources	63,958	1,676,408	-	1,740,366
Total Revenues	62,777,114	3,904,981	-	66,682,095
EXPENDITURES				
Current:				
Regular Instruction	23,198,142	1,465,657		24,663,799
Special Education Instruction	8,897,354	829,386		9,726,740
Other Instruction	3,215,931	503,456		3,719,387
School Sponsored Activities and Athletics	1,107,659			1,107,659
Support Services				
Student & Instruction Related Services	7,720,576	1,279,179		8,999,755
School Administrative Services	4,218,644			4,218,644
General Administrative Services	1,389,738			1,389,738
Plant Operations and Maintenance	6,669,235			6,669,235
Pupil Transportation	1,809,086			1,809,086
Central Services and Information Technology	1,115,307			1,115,307
Debt Service				
Principal	1,350,000			1,350,000
Interest	70,615			70,615
Capital Outlay	1,303,032	147,556	-	1,450,588
Total Expenditures	62,065,319	4,225,234	-	66,290,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	711,795	(320,253)	-	391,542
OTHER FINANCING SOURCES (USES)				
Transfers In	167,815	181,720		349,535
Transfers Out	(181,720)	-	\$ (167,815)	(349,535)
Total Other Financing Sources and (Uses)	(13,905)	181,720	(167,815)	-
Net Change in Fund Balances	697,890	(138,533)	(167,815)	391,542
Fund Balance (Deficit), Beginning of Year	4,902,512	(117,695)	167,815	4,952,632
Fund Balance (Deficit), End of Year	\$ 5,600,402	\$ (256,228)	\$ -	\$ 5,344,174

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

**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, 2019**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 391,542

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	\$ 1,450,588	
Depreciation Expense	<u>(1,253,024)</u>	197,564

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		1,350,000

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	(294,423)	
Increase in Compensated Absences	<u>(69,050)</u>	(363,473)

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.		<u>2,101</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 1,577,734**

**HILLSIDE BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash	\$ 572,768
Intergovernmental Receivable	
State	2,863
Federal	213,074
Other Accounts Receivable	27,839
Inventory	<u>10,208</u>
Total Current Assets	<u>826,752</u>
Capital Assets	
Equipment	467,737
Less: Accumulated Depreciation	<u>(363,268)</u>
Total Capital Assets, Net	<u>104,469</u>
Total Assets	<u>931,221</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	230,853
Unearned Revenue	<u>6,551</u>
Total Current Liabilities	<u>237,404</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>1,890</u>
Total Liabilities and Deferred Inflow of Resources	<u>239,294</u>
NET POSITION	
Investment in Capital Assets	104,469
Unrestricted	<u>587,458</u>
Total Net Position	<u>\$ 691,927</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, 2019**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Program Sales	\$ 169,455
Nonprogram Sales	261,437
Miscellaneous	<u>22,026</u>
 Total Operating Revenues	 <u>452,918</u>
OPERATING EXPENSES	
Cost of Sales - Program	802,298
Cost of Sales - Nonprogram	64,939
Salaries and Employee Benefits	672,410
Depreciation	15,856
Other Purchased Services	52,386
Supplies and Materials	<u>28,700</u>
 Total Operating Expenses	 <u>1,636,589</u>
Operating (Loss)	<u>(1,183,671)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	14,099
Federal Sources	
School Breakfast Program	293,704
National School Lunch Program	747,728
Food Distribution Programs	123,478
After School Snack Program	<u>50,238</u>
 Total Nonoperating Revenues	 <u>1,229,247</u>
 Change in Net Position	 45,576
Total Net Position - Beginning of Year	<u>646,351</u>
Total Net Position - End of Year	<u>\$ 691,927</u>

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, 2019**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 449,439
Cash Payments for Employees' Salaries and Benefits	(672,410)
Cash Payments to Suppliers for Goods and Services	<u>(826,341)</u>
Net Cash (Used) by Operating Activities	<u>(1,049,312)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,114,590</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,114,590</u>
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	<u>(12,488)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(12,488)</u>
Net Increase in Cash and Cash Equivalents	52,790
Cash and Cash Equivalents, Beginning of Year	<u>519,978</u>
Cash and Cash Equivalents, End of Year	<u>\$ 572,768</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating (Loss)	\$ (1,183,671)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	15,856
Non Cash Federal Assistance-Food Distribution Program	123,478
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(9,193)
Increase/(Decrease) in Unearned Revenue	(466)
(Increase)/Decrease in Other Accounts Receivable	(3,013)
Increase/(Decrease) in Deferred Commodities Revenue	(2,378)
(Increase)/Decrease in Inventory	<u>10,075</u>
Total Adjustments	<u>134,359</u>
Net Cash (Used) by Operating Activities	<u>\$ (1,049,312)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 121,100

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, 2019**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 302,054	\$ 2,844	\$ 1,417,993
Accounts Receivable	-	-	872
	<hr/>	<hr/>	<hr/>
Total Assets	302,054	2,844	1,418,865
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Payroll Deductions and Withholdings			1,301,466
Intergovernmental Accounts Payable	4,420		
Due to Student Groups	-	-	117,399
	<hr/>	<hr/>	<hr/>
Total Liabilities	4,420	-	\$ 1,418,865
	<hr/>	<hr/>	<hr/>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 297,634</u>	<u>\$ 2,844</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, 2019**

	Unemployment Trust Fund	Private Purpose Trust Funds
ADDITIONS		
Contributions		
District	\$ 27,500	
Employee	<u>51,567</u>	<u>-</u>
	<u>79,067</u>	<u>-</u>
Investment Earnings		
Interest	<u>-</u>	<u>\$ 40</u>
Total Additions	<u>79,067</u>	<u>40</u>
DEDUCTIONS		
Unemployment Claims	<u>63,049</u>	<u>-</u>
Total Deductions	<u>63,049</u>	<u>-</u>
Change in Net Position	16,018	40
Net Position, Beginning of Year	<u>281,616</u>	<u>2,804</u>
Net Position, End of Year	<u>\$ 297,634</u>	<u>\$ 2,844</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, 2019**

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 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. 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.

The District reports the following major proprietary fund which is 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, transportation fees, 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.

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

4. *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>
Buildings and Building Improvements	40
Machinery and Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *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 a future period(s) 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 one 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 other 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.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, 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.

7. *Pensions*

In the district-wide financial statements and proprietary fund types in the fund 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.

8. *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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 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, 2018 audited excess surplus that was appropriated in the 2019/2020 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 2019/2020 District budget certified for taxes.

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.

Year-End 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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.

Year-End 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 2019/2020 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.

10. *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, 2019**

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 1st 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 2017-2018 and 2018-2019 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, 2019**

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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$1,674,221. 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, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,199,525 in the General Fund and \$256,228 in the Special Revenue Fund as of June 30, 2019 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 2018/2019 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 deficit 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 \$1,199,525 in the General Fund and \$256,228 in the Special Revenue Fund are less than the delayed state aid payments at June 30, 2019.

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, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 4,364,787
Increased by		
Interest earnings	\$ 36,516	
Deposits approved by Board Resolution	1,000,000	
Unexpended Balance of Current Year		
Withdrawals	237,240	
Transferred - Capital Projects Fund	<u>167,815</u>	
Total Increases		1,441,571
Decreased by		
Approved in District Budget	<u>1,470,652</u>	
Total Withdrawals		<u>1,470,652</u>
Balance, June 30, 2019		<u>\$ 4,335,706</u>
Analysis of Balance		
Designated for Subsequent Year's Expenditures	\$ 655,000	
Capital Reserve	<u>3,680,706</u>	
		<u>\$ 4,335,706</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. \$655,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 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, 2019 is \$934,473. Of this amount, \$220,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$714,473 will be appropriated in the 2020/2021 original budget certified for taxes.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the book value of the Board's deposits were \$8,866,301 and bank and brokerage firm balances of the Board's deposits amounted to \$9,442,141. 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>9,442,141</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, 2019 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2019, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2019 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>Food Service</u>	<u>Agency Fund</u>	<u>Total</u>
Receivables:					
Accounts	\$ 78,931	\$ 8,742	\$ 27,839	\$ 872	\$ 116,384
Intergovernmental	<u>86,733</u>	<u>250,843</u>	<u>215,937</u>	<u>-</u>	<u>553,513</u>
Gross Receivables	165,664	259,585	243,776	872	669,897
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 165,664</u>	<u>\$ 259,585</u>	<u>\$ 243,776</u>	<u>\$ 872</u>	<u>\$ 669,897</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	\$ 351,494
Grant Draw Downs Reserved for Encumbrances	<u>149,806</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 501,300</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, June 30, 2019</u>
Governmental activities:					
Capital assets, not being depreciated:					
Construction in Progress	\$ 7,975	\$ 1,009,078	-	\$ (1,017,053)	-
Total capital assets, not being depreciated	<u>7,975</u>	<u>1,009,078</u>	<u>-</u>	<u>(1,017,053)</u>	<u>-</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	31,728,834			1,017,053	\$ 32,745,887
Machinery and Equipment	<u>6,339,332</u>	<u>441,510</u>	<u>-</u>	<u>-</u>	<u>6,780,842</u>
Total capital assets being depreciated	<u>38,068,166</u>	<u>441,510</u>	<u>-</u>	<u>1,017,053</u>	<u>39,526,729</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(10,434,481)	(863,336)			(11,297,817)
Machinery and Equipment	<u>(4,526,917)</u>	<u>(389,688)</u>	<u>-</u>	<u>-</u>	<u>(4,916,605)</u>
Total accumulated depreciation	<u>(14,961,398)</u>	<u>(1,253,024)</u>	<u>-</u>	<u>-</u>	<u>(16,214,422)</u>
Total capital assets, being depreciated, net	<u>23,106,768</u>	<u>(811,514)</u>	<u>-</u>	<u>1,017,053</u>	<u>23,312,307</u>
Governmental activities capital assets, net	<u>\$ 23,114,743</u>	<u>\$ 197,564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,312,307</u>
	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance, June 30, 2019</u>
Business-type activities:					
Capital assets, being depreciated:					
Machinery and Equipment	\$ 455,249	\$ 12,488	-		\$ 467,737
Total capital assets being depreciated	<u>455,249</u>	<u>12,488</u>	<u>-</u>		<u>467,737</u>
Less accumulated depreciation for:					
Machinery and Equipment	<u>(347,412)</u>	<u>(15,856)</u>	<u>-</u>		<u>(363,268)</u>
Total accumulated depreciation	<u>(347,412)</u>	<u>(15,856)</u>	<u>-</u>		<u>(363,268)</u>
Total capital assets, being depreciated, net	<u>107,837</u>	<u>(3,368)</u>	<u>-</u>		<u>104,469</u>
Business-type activities capital assets, net	<u>\$ 107,837</u>	<u>\$ (3,368)</u>	<u>\$ -</u>		<u>\$ 104,469</u>

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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	\$ 511,506
Special Education	153,077
Other Instruction	79,994
School Sponsored/Activities and Athletics	<u>25,571</u>
Total Instruction	<u>770,148</u>
Support Services	
Student and Instruction Related Services	189,808
General Administrative Services	18,534
School Administrative Services	105,617
Plant Operations and Maintenance	131,806
Pupil Transportation	10,252
Central Services and Information Technology	<u>26,859</u>
Total Support Services	<u>482,876</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,253,024</u>
Business-type activities:	
Food Service Fund	<u>\$ 15,856</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Remaining Commitment</u>
Flooring Repairs at Hillside Schools and Administration Buildings	\$ 108,058
Door Replacement at Various Hillside Schools	69,362
Gym Roof Replacement at Hillside High School	300,000
Replacement of Auditorium Seating at Hillside High School	<u>54,496</u>
Total	<u>\$ 531,916</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund and Transfers

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
Transfer Out:			
General Fund		\$ 181,720	\$ 181,720
Capital Projects Fund	\$ 167,815	-	167,815
Total	<u>\$ 167,815</u>	<u>\$ 181,720</u>	<u>\$ 349,535</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.

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, 2019 were as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Governmental Activities</u>
2020	\$ 1,415,319
2021	<u>1,413,068</u>
Total minimum lease payments	2,828,387
Less: amount representing interest	<u>(58,387)</u>
Present value of minimum lease payments	<u>\$ 2,770,000</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, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 70,251,819
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 70,251,819</u>

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, was as follows:

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 1,099,683	\$ 69,050		\$ 1,168,733	
Lease Purchase Agreements	4,120,000		\$ 1,350,000	2,770,000	\$ 1,370,000
Net Pension Liability	<u>18,715,555</u>	<u>-</u>	<u>2,720,349</u>	<u>15,995,206</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 23,935,238</u>	<u>\$ 69,050</u>	<u>\$ 4,070,349</u>	<u>\$ 19,933,939</u>	<u>\$ 1,370,000</u>

For the governmental activities, the liabilities for compensated absences, lease purchases 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 fund. 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, 2019**

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>
2019	\$ 27,500	\$ 51,567	\$ 63,049	\$ 297,634
2018		48,181	41,700	281,616
2017	27,500	49,352	94,844	275,135

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, 2019, 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 Board employees who are eligible for pension coverage:

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2019**

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 1/55th 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 1/60th 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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th 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 1/60th 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PERS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed 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>
2019	\$ 808,048	\$ 4,421,323	\$ 5,119
2018	744,809	3,260,653	4,118
2017	693,351	2,509,039	2,442

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$5,645, \$15,774 and \$6,688, respectively for PERS and the State contributed \$5,119, \$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 \$1,805,889 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$15,995,206 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District's share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District's proportionate share was 0.08123 percent, which was an increase of 0.00084 percent from its proportionate share measured as of June 30, 2017 of 0.08039 percent.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,102,471 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 305,031	\$ 82,476
Changes of Assumptions	2,635,745	5,114,416
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		150,036
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>645,781</u>	<u>-</u>
Total	<u>\$ 3,586,557</u>	<u>\$ 5,346,928</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 298,865
2020	25,492
2021	(937,211)
2022	(861,168)
2023	<u>(286,349)</u>
	<u>\$ (1,760,371)</u>

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
<u>2018</u>			
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>20,112,129</u>	\$ <u>15,995,206</u>	\$ <u>12,541,371</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability at June 30, 2018. A sensitivity analysis specific to the District’s net pension liability at June 30, 2018 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,211,592 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$140,859,086. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was 0.22141 percent, which was a decrease of 0.00165 percent from its proportionate share measured as of June 30, 2017 of 0.22306 percent.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 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, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2019**

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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 167,345,013</u>	<u>\$ 140,859,086</u>	<u>\$ 119,039,865</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

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 for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$2,005,505, \$2,157,094 and \$2,090,600, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,620,288. 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, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$84,616,470. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was 0.18351 percent, which was an increase of 0.00066 percent from its proportionate share measured as of June 30, 2017 of 0.18285 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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 or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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 all future years.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

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, 2018.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>98,078,398</u>
Changes Recognized for the Fiscal Year:	
Service Cost	4,274,458
Interest on the Total OPEB Liability	3,625,475
Differences Between Expected and Actual Experience	(9,467,284)
Changes of Assumptions	(9,710,163)
Gross Benefit Payments	(2,262,614)
Contributions from the Member	<u>78,200</u>
Net Changes	\$ <u>(13,461,928)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>84,616,470</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 100,033,893	\$ 84,616,470	\$ 72,361,211

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 69,940,441	\$ 84,616,470	\$ 104,026,081

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 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, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 30,526,495	-	\$ 30,526,495	\$ 30,526,495	-
Tuition		-		63,000	\$ 63,000
Miscellaneous	172,700	-	172,700	297,487	124,787
Total Local Sources	<u>30,699,195</u>	<u>-</u>	<u>30,699,195</u>	<u>30,886,982</u>	<u>187,787</u>
State Sources					
Equalization Aid	19,723,724		19,723,724	19,723,724	-
Special Education Aid	1,827,031		1,827,031	1,827,031	-
Transportation Aid	460,771		460,771	460,771	-
Security Aid	1,089,465		1,089,465	1,089,465	-
Extraordinary Special Education Costs Aid - 2017/18				2,277	2,277
Extraordinary Special Education Costs Aid - 2018/19				822,275	822,275
TPAF Pension and Annuity Fund- Post Ret. Medical (Non-Budget)				2,005,505	2,005,505
TPAF Pension and Annuity Fund (Non-Budget Normal Cost				4,330,671	4,330,671
NCGI Premium				90,652	90,652
Long-term Disability				5,119	5,119
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,805,889	1,805,889
Total State Sources	<u>23,100,991</u>	<u>-</u>	<u>23,100,991</u>	<u>32,163,379</u>	<u>9,062,388</u>
Federal Sources					
Medicaid Reimbursement	63,554	-	63,554	63,958	404
Total Federal Sources	<u>63,554</u>	<u>-</u>	<u>63,554</u>	<u>63,958</u>	<u>404</u>
Total Revenues	<u>53,863,740</u>	<u>-</u>	<u>53,863,740</u>	<u>63,114,319</u>	<u>9,250,579</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	578,563	\$ (13,981)	564,582	555,729	8,853
Grades 1-5	5,367,386	(737,461)	4,629,925	4,612,290	17,635
Grades 6-8	3,197,138	(440,657)	2,756,481	2,706,664	49,817
Grades 9-12	5,008,259	(220,057)	4,788,202	4,760,274	27,928
Home Instruction	10,000	10,000	20,000	17,670	2,330
Other Salaries for Instruction	55,440	(7,302)	48,138	47,770	368
Purchased Professional-Educational Services	33,000	35,804	68,804	45,449	23,355
Other Purchased Services	266,646	(122,408)	144,238	142,212	2,026
General Supplies	605,443	142,943	748,386	627,959	120,427
Textbooks	531,500	(105,388)	426,112	410,711	15,401
Other Objects	5,000	(3,400)	1,600	1,600	-
Total Regular Programs	<u>15,658,375</u>	<u>(1,461,907)</u>	<u>14,196,468</u>	<u>13,928,328</u>	<u>268,140</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 204,870	\$ 14,077	\$ 218,947	\$ 216,377	\$ 2,570
Other Salaries for Instruction	53,847	16,824	70,671	63,174	7,497
General Supplies	2,000	(15)	1,985	56	1,929
Total Learning and/or Language Disabilities	<u>260,717</u>	<u>30,886</u>	<u>291,603</u>	<u>279,607</u>	<u>11,996</u>
Multiple Disabilities					
Salaries of Teachers	335,141	20,223	355,364	354,202	1,162
Other Salaries for Instruction	85,879	(20,044)	65,835	65,039	796
Supplies and Materials	4,000	-	4,000	1,172	2,828
Total Multiple Disabilities	<u>425,020</u>	<u>179</u>	<u>425,199</u>	<u>420,413</u>	<u>4,786</u>
Resource Room/Resource Center					
Salaries of Teachers	2,446,221	(82,862)	2,363,359	2,301,277	62,082
Other Salaries for Instruction	206,431	(89,000)	117,431	112,043	5,388
General Supplies	4,000	(582)	3,418	-	3,418
Total Resource Room/Resource Center	<u>2,656,652</u>	<u>(172,444)</u>	<u>2,484,208</u>	<u>2,413,320</u>	<u>70,888</u>
Autistic					
Salaries of Teachers	248,476	5,604	254,080	241,360	12,720
Other Salaries for Instruction	116,475	(160)	116,315	101,987	14,328
General Supplies	4,000	1,389	5,389	4,457	932
Total Autistic	<u>368,951</u>	<u>6,833</u>	<u>375,784</u>	<u>347,804</u>	<u>27,980</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	246,033	(11,428)	234,605	227,910	6,695
Other Salaries for Instruction	182,901	(63,942)	118,959	117,439	1,520
General Supplies	3,000	28	3,028	423	2,605
Total Preschool Disabilities - Full - Time	<u>431,934</u>	<u>(75,342)</u>	<u>356,592</u>	<u>345,772</u>	<u>10,820</u>
Home Instruction					
Salaries of Teachers	6,253	17,222	23,475	23,475	-
Purchased Professional/Educational Services	10,000	18,611	28,611	13,113	15,498
Total Home Instruction	<u>16,253</u>	<u>35,833</u>	<u>52,086</u>	<u>36,588</u>	<u>15,498</u>
Total Special Education	<u>4,159,527</u>	<u>(174,055)</u>	<u>3,985,472</u>	<u>3,843,504</u>	<u>141,968</u>
Basic Skills					
Salaries of Teachers	-	1,357,514	1,357,514	1,338,749	18,765
Total Basic Skills	<u>-</u>	<u>1,357,514</u>	<u>1,357,514</u>	<u>1,338,749</u>	<u>18,765</u>
Bilingual Education					
Salaries of Teachers	567,222	88,053	655,275	647,447	7,828
General Supplies	-	1,472	1,472	-	1,472
Total Bilingual Education	<u>567,222</u>	<u>89,525</u>	<u>656,747</u>	<u>647,447</u>	<u>9,300</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
School Sponsored Co-Curricular Activities					
Salaries	\$ 153,870	\$ (22,125)	\$ 131,745	\$ 120,118	\$ 11,627
Other Salaries for Instruction	3,200	-	3,200	3,128	72
Supplies and Materials	1,500	8,000	9,500	8,503	997
Miscellaneous Purchased Services	-	1,555	1,555	1,467	88
Total School Sponsored Co-Curricular Activities	<u>158,570</u>	<u>(12,570)</u>	<u>146,000</u>	<u>133,216</u>	<u>12,784</u>
School Sponsored Athletics					
Salaries	304,092	(26)	304,066	296,776	7,290
Other Salaries	33,700	(12,332)	21,368	17,804	3,564
Other Purchased Professional & Technical Services	49,400	(8,780)	40,620	35,438	5,182
Clean, Repair and Maintenance Services	9,000	7,104	16,104	16,044	60
Rentals, Copiers Etc.	500	3,827	4,327	4,327	-
Travel	2,200	(375)	1,825	878	947
Miscellaneous Purchased Services	2,400	1,376	3,776	3,776	-
Supplies and Materials	59,253	72,183	131,436	97,937	33,499
Other Objects	25,200	(2,292)	22,908	22,739	169
Total School Sponsored Athletics	<u>485,745</u>	<u>60,685</u>	<u>546,430</u>	<u>495,719</u>	<u>50,711</u>
Before/After School Programs					
Salaries Teacher Tutors	56,908	23,146	80,054	77,530	2,524
Total Before/After School Programs	<u>56,908</u>	<u>23,146</u>	<u>80,054</u>	<u>77,530</u>	<u>2,524</u>
Summer School					
Salaries of Teachers	118,508	2,729	121,237	119,545	1,692
Total Summer School	<u>118,508</u>	<u>2,729</u>	<u>121,237</u>	<u>119,545</u>	<u>1,692</u>
Community Service Programs					
Salaries	500	-	500	-	500
Total Community Service Programs	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Instruction	<u>21,205,355</u>	<u>(114,933)</u>	<u>21,090,422</u>	<u>20,584,038</u>	<u>506,384</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	36,000	6,175	42,175	42,000	175
Tuition to Other LEAs Within the State- Special	745,949	(289,001)	456,948	416,594	40,354
Tuition to County Voc. School Dist.-Regular	495,000	15,500	510,500	498,300	12,200
Tuition to County Voc. School Dist.- Special	28,000	24,000	52,000	52,000	-
Tuition to CSSD & Reg. Day Schools	51,556	37,354	88,910	88,910	-
Tuition to Priv. Sch. For the Disabled W/ State	1,452,336	499,191	1,951,527	1,951,425	102
Tuition to Priv. Sch. For the Disabled Out of State	122,636	-	122,636	120,816	1,820
Tuition- State Facilities	135,831	-	135,831	135,831	-
Tuition- Other	17,850	-	17,850	15,727	2,123
Total Undistributed Expenditures - Instruction	<u>3,085,158</u>	<u>293,219</u>	<u>3,378,377</u>	<u>3,321,603</u>	<u>56,774</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Attendance and Social Work					
Salaries	\$ 72,128	\$ 4,979	\$ 77,107	\$ 74,831	\$ 2,276
Total Undist. Expend. - Attendance and Social Work	<u>72,128</u>	<u>4,979</u>	<u>77,107</u>	<u>74,831</u>	<u>2,276</u>
Health Services					
Salaries	716,892	(13,237)	703,655	702,099	1,556
Purchased Professional & Technical Services	34,000	7,583	41,583	36,126	5,457
Purchased Technical Services	2,545	3,172	5,717	3,792	1,925
Supplies and Materials	11,000	2,062	13,062	5,403	7,659
Total Undist. Expenditures - Health Services	<u>764,437</u>	<u>(420)</u>	<u>764,017</u>	<u>747,420</u>	<u>16,597</u>
Speech, OT, PT and Related Services					
Salaries	588,654	4,350	593,004	592,145	859
Purchased Professional/Educational Services	17,000	32,546	49,546	43,850	5,696
Supplies and Materials	1,500	1,176	2,676	555	2,121
Total Undist. Expend. - Speech, OT, PT and Related Svcs.	<u>607,154</u>	<u>38,072</u>	<u>645,226</u>	<u>636,550</u>	<u>8,676</u>
Other Support Serv. Students - Extra Services					
Salaries	411,692	(147,093)	264,599	264,308	291
Purchased Professional - Educational Services	280,000	199,822	479,822	307,518	172,304
Total Undist. Expend. - Other Supp. Serv. Std. - Extra Serv.	<u>691,692</u>	<u>52,729</u>	<u>744,421</u>	<u>571,826</u>	<u>172,595</u>
Guidance					
Salaries of Other Professional Staff	736,339	44,977	781,316	771,827	9,489
Salaries of Secretarial and Clerical Assistants	138,838	(10,180)	128,658	127,512	1,146
Other Purchased Prof. and Tech Services	17,700	(1,262)	16,438	14,090	2,348
Rentals, Copiers Etc.	4,000	-	4,000	3,777	223
Supplies and Materials	5,500	1,203	6,703	3,027	3,676
Other Objects	-	200	200	200	-
Total Undist. Expenditures - Guidance	<u>902,377</u>	<u>34,938</u>	<u>937,315</u>	<u>920,433</u>	<u>16,882</u>
Child Study Teams					
Salaries of Other Professional Staff	947,074	(82,718)	864,356	828,737	35,619
Salaries of Secretarial and Clerical Assistants	160,695	2,076	162,771	154,967	7,804
Purchased Professional - Educational Services	49,000	-	49,000	41,003	7,997
Rentals, Copiers Etc.	2,900	-	2,900	2,077	823
Travel	970	1,686	2,656	2,655	1
Other Purchased Services	280	-	280	-	280
Supplies and Materials	16,500	(2,926)	13,574	12,157	1,417
Other Objects	400	1,440	1,840	1,840	-
Total Undist. Expenditures - Child Study Team	<u>1,177,819</u>	<u>(80,442)</u>	<u>1,097,377</u>	<u>1,043,436</u>	<u>53,941</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 654,374	\$ (74,035)	\$ 580,339	\$ 575,107	\$ 5,232
Salaries of Other Professional Staff	40,000	(7,947)	32,053	7,940	24,113
Other Salaries	17,034	-	17,034	6,554	10,480
Purchased Professional- Educat. Services	11,000	-	11,000	10,605	395
Travel		842	842	714	128
Miscellaneous Expenditures	1,600	1,180	2,780	2,780	-
Total Undist. Expend. - Improv. Of Inst. Serv.	<u>724,008</u>	<u>(79,960)</u>	<u>644,048</u>	<u>603,700</u>	<u>40,348</u>
Educational Media Services / School Library					
Salaries	327,211	(9,809)	317,402	312,519	4,883
Salaries of Secretarial & Clerical Assist.	41,284	2,226	43,510	43,510	-
Salaries of Technology Coordinators	254,817	(14,423)	240,394	231,712	8,682
Unused Vacation Payment	-	8,623	8,623	4,311	4,312
Rentals, Copiers Etc.	1,200	1,200	2,400	1,929	471
Supplies and Materials	9,300	(2,171)	7,129	5,346	1,783
Total Undist. Expend. - Edu. Medica Serv. / Library	<u>633,812</u>	<u>(14,354)</u>	<u>619,458</u>	<u>599,327</u>	<u>20,131</u>
Instructional Staff Training Services					
Other Salaries	14,430	6,820	21,250	19,078	2,172
Purchased Professional - Educational Services	27,900	(4,914)	22,986	15,516	7,470
Travel	150	-	150	99	51
Miscellaneous Expenditures	10,800	6,796	17,596	12,668	4,928
Supplies and Materials	2,000	1,733	3,733	131	3,602
Other Objects	-	3,000	3,000	2,999	1
Total Undist. Expend. - Instr. Staff Traning Serv.	<u>55,280</u>	<u>13,435</u>	<u>68,715</u>	<u>50,491</u>	<u>18,224</u>
Support Services - General Administration					
Salaries	171,675	43,225	214,900	174,433	40,467
Salaries of Secretarial & Clerical Assist.	280,505	5,246	285,751	285,751	-
Legal Services	120,000	35,000	155,000	118,679	36,321
Audit Fees	38,000	37,671	75,671	41,671	34,000
Architectural/Engineering Services	10,000	81,385	91,385	69,389	21,996
Other Purchased Professional Services	5,200	4,515	9,715	9,714	1
Rentals, Copiers Etc.	9,500	(80)	9,420	5,932	3,488
Communications/Telephone	90,240	21,291	111,531	109,584	1,947
Postage	30,500	(12,212)	18,288	16,370	1,918
Travel	5,000	-	5,000	2,745	2,255
BOE Travel	4,000	46	4,046	2,916	1,130
BOE Other Purchased Services	291,190	(86,981)	204,209	198,292	5,917
Supplies and Materials	11,600	2,900	14,500	12,363	2,137
BOE In-House Training/Meeting Supplies	3,000	240	3,240	1,958	1,282
Judgments Against School District	30,000	44,800	74,800	74,371	429
Miscellaneous Expenditures	35,000	(1,900)	33,100	32,902	198
Total Undist. Expend. - Support Serv. - Gen. Admin.	<u>1,135,410</u>	<u>175,146</u>	<u>1,310,556</u>	<u>1,157,070</u>	<u>153,486</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,442,889	90,935	1,533,824	1,533,731	93
Salaries of Other Professional Staff	514,359	(71,073)	443,286	442,556	730
Salaries of Secretarial and Clerical Assistants	624,113	23,331	647,444	646,119	1,325
Unused Vacation Payment		4,363	4,363	4,362	1
Purchased Professional - Educational Services	5,000	(3,450)	1,550	1,550	-
Purchased Professional and Technical Services	20,000	2,295	22,295	22,295	-
Rentals, Copiers Etc.	62,000	12,562	74,562	69,303	5,259
Other Purchased Services	25,000	(12,385)	12,615	12,614	1
Travel	1,600	(145)	1,455	771	684
Miscellaneous Purchased Services	-	2,827	2,827	1,235	1,592
Supplies and Materials	41,760	12,404	54,164	45,891	8,273
Other Objects	11,480	(4,871)	6,609	5,675	934
Total Undist. Expend. - Support Serv. - School Admin.	<u>2,748,201</u>	<u>56,793</u>	<u>2,804,994</u>	<u>2,786,102</u>	<u>18,892</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Central Services					
Salaries	\$ 146,657	\$ (86,841)	\$ 59,816	\$ 57,700	\$ 2,116
Salaries of Secretarial and Clerical Assistants	331,824	958	332,782	330,217	2,565
Other Salaries	218,971	21,440	240,411	240,351	60
Unused Vacation Payment	-	9,214	9,214	9,214	-
Public Relations	8,000	(3,875)	4,125	4,125	-
Purchased Technical Services	58,500	(7,925)	50,575	44,298	6,277
Rentals, Copiers Etc.	-	4,300	4,300	4,231	69
Travel	4,500	(904)	3,596	2,345	1,251
Miscellaneous Purchased Services	18,650	3,134	21,784	21,117	667
Supplies and Materials	15,751	(5,321)	10,430	9,659	771
Interest for Lease Purchase Agreements	70,615	-	70,615	70,615	-
Miscellaneous Expenditures	8,600	4,170	12,770	12,769	1
Total Undist. Expend. - Central Services	882,068	(61,650)	820,418	806,641	13,777
Admin. Info. Technology					
Salaries	34,625	4,106	38,731	38,617	114
Unused Vacation Payment	-	725	725	644	81
Purchased Technical Services	25,510	4,223	29,733	29,138	595
Travel	4,200	(1,687)	2,513	2,513	-
Supplies and Materials	7,800	5,146	12,946	12,532	414
Total Undist. Expend. - Admin. Info Technology	72,135	12,513	84,648	83,444	1,204
Required Maintenance for School Facilities					
Salaries	523,852	6,352	530,204	514,671	15,533
Cleaning, Repair and Maintenance Services	721,387	386,184	1,107,571	648,660	458,911
Rentals, Copiers Etc.	3,500	-	3,500	1,874	1,626
Miscellaneous Purchased Services	-	1,901	1,901	1,900	1
General Supplies	130,500	17,925	148,425	97,726	50,699
Other Objects	4,050	-	4,050	482	3,568
Total Undist. Expend. - Required Maint. For Sch. Fac.	1,383,289	412,362	1,795,651	1,265,313	530,338
Custodial Services					
Salaries	1,803,170	(9,309)	1,793,861	1,746,625	47,236
Salaries of Non-Instructional Aides	65,736	5,616	71,352	67,420	3,932
Purchased Professional & Technical Services	56,500	(12,854)	43,646	8,890	34,756
Cleaning, Repair and Maintenance Services	59,000	8,164	67,164	24,075	43,089
Other Purchased Property Services	71,928	4,710	76,638	65,754	10,884
Purchased Technical Services	2,000	(174)	1,826	-	1,826
Insurance	267,730	4,659	272,389	272,389	-
General Supplies	89,500	28,028	117,528	115,234	2,294
Energy (Natural Gas)	221,200	17,013	238,213	229,373	8,840
Energy (Electricity)	322,405	23,657	346,062	336,352	9,710
Gasoline	17,000	(1,673)	15,327	6,718	8,609
Other Objects	8,250	-	8,250	3,865	4,385
Total Undist. Expend. - Custodial Services	2,984,419	67,837	3,052,256	2,876,695	175,561

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Care & Upkeep of Grounds					
Salaries	\$ 20,000	\$ (2,100)	\$ 17,900	\$ 12,483	\$ 5,417
Cleaning, Repair, and Maintenance Services	76,850	34,662	111,512	108,617	2,895
General Supplies	-	2,100	2,100	2,088	12
Total Undist. Expend. - Care and Upkeep of Grounds	<u>96,850</u>	<u>34,662</u>	<u>131,512</u>	<u>123,188</u>	<u>8,324</u>
Security					
Salaries	1,043,265	(89,061)	954,204	931,453	22,751
Cleaning, Repair, and Maintenance Services		1,240	1,240	1,240	-
Travel		1,975	1,975	-	1,975
Miscellaneous Purchased Services	20,000	85,555	105,555	10,471	95,084
General Supplies	13,316	1,990	15,306	9,094	6,212
Total Security	<u>1,076,581</u>	<u>1,699</u>	<u>1,078,280</u>	<u>952,258</u>	<u>126,022</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	45,000	(7,918)	37,082	37,081	1
Sal. For Pupil Trans(Bet. Home & Sch.)-Reg.	29,830	16,634	46,464	44,652	1,812
Sal. For Pupil Trans(Bet. Home & Sch.)-Sp Ed.	148,518	(9,934)	138,584	138,429	155
Sal. For Pupil Trans(Other than Bet. Home & Sch.)	23,244	11,138	34,382	34,382	-
Management Fee - ESC & CTSA Trans. Prog.	35,254	4,200	39,454	38,201	1,253
Other Purchased Prof. and Technical Services	400	70	470	470	-
Cleaning Repair and Maint. Serv.	49,969	(16,100)	33,869	28,668	5,201
Rental Payments - School Buses	500	-	500	-	500
Contract. Serv. - Aid in Lieu Pymts-Charter Sch.	26,520	(3,808)	22,712	20,000	2,712
Contract. Serv. - Aid in Lieu Pymts-Choice Sch.	4,420	1,580	6,000	6,000	-
Contr. Serv. (Bet. Home and Sch.) - Vendors	290,000	(13,000)	277,000	276,157	843
Contr. Serv. (Oth. Than Bet. Home and Sch.) - Vend.	150,000	12,850	162,850	116,431	46,419
Contract. Serv.(Reg. Students)-ESCs & CTSA	108,767	3,000	111,767	104,235	7,532
Contract. Serv.(Spl. Ed. Studetns)-ESCs & CTSA.	703,425	165,575	869,000	842,831	26,169
Travel	150	(70)	80	-	80
Miscellaneous Purchased Services - Transportation	500	-	500	243	257
Transportation Supplies	15,585	(4,006)	11,579	8,088	3,491
Other Objects	400	-	400	300	100
Total Undist. Expend. - Student Transportation Serv.	<u>1,632,482</u>	<u>160,211</u>	<u>1,792,693</u>	<u>1,696,168</u>	<u>96,525</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	617,265	600	617,865	579,165	38,700
Other Retirement Contributions - PERS	848,371	(16,000)	832,371	832,262	109
Other Retirement Contributions - Regular	4,000	2,127	6,127	5,378	749
Unemployment Compensation	27,500	-	27,500	27,500	-
Workers' Compensation	350,000	(4,815)	345,185	345,185	-
Health Benefits	7,587,999	(475,004)	7,112,995	7,073,328	39,667
Tuition Reimbursement	102,000	(69,662)	32,338	25,086	7,252
Other Employee Benefits	502,714	(16,726)	485,988	479,206	6,782
Unused Sick Payment	20,000	8,803	28,803	28,803	-
Total Unallocated Benefits	<u>10,059,849</u>	<u>(570,677)</u>	<u>9,489,172</u>	<u>9,395,913</u>	<u>93,259</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				\$ 2,005,505	\$ (2,005,505)
Pension - Normal Cost				4,330,671	(4,330,671)
Pension - NCGI Premium				90,652	(90,652)
Pension - Long-term Disability				5,119	(5,119)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
	-	-	-	1,805,889	(1,805,889)
Total Undistributed Expenditures	\$ 30,785,149	\$ 551,092	\$ 31,336,241	37,950,245	\$ (6,614,004)
Total Current Expenditures	51,990,504	436,159	52,426,663	58,534,283	(6,107,620)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	21,000	19,825	40,825	40,700	125
Grades 6*8	5,000	(1,272)	3,728	2,500	1,228
Grades 9-12	35,000	(13,228)	21,772	16,882	4,890
Undistributed					
Instruction	71,340	(18,831)	52,509	52,508	1
General Administration		5,400	5,400	-	5,400
School Administration		59,996	59,996	59,996	-
Central Services		7,809	7,809	4,897	2,912
Admin. Information Technology	15,660	47,191	62,851	13,622	49,229
Required Maint. For School Fac.	56,000	(24,324)	31,676	31,667	9
Care and Upkeep of Grounds	66,000	7,409	73,409	71,182	2,227
Security		9,922	9,922		9,922
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	173,752	(152,552)	21,200	20,355	845
Construction Services	1,376,900	(84,488)	1,292,412	988,723	303,689
Lease Purchase Agreement - Principal	1,350,000	-	1,350,000	1,350,000	-
Other Objects - Debt Service Assessment	28,526	-	28,526	28,526	-
Deposit to Capital Reserve	200	237,040	237,240	-	237,240
Total Capital Outlay	3,199,378	99,897	3,299,275	2,681,558	617,717
Transfer Funds To Charter School	587,790	283,081	870,871	849,478	21,393
Total General Fund	55,777,672	819,137	56,596,809	62,065,319	(5,468,510)
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
	(1,913,932)	(819,137)	(2,733,069)	1,049,000	3,782,069
Other Financing Sources (Uses)					
Operating Transfer In - Capital Projects Fund	-	-		167,815	167,815
Operating Transfer Out - Special Revenue Fund	(181,720)	-	(181,720)	(181,720)	-
Total Other Financing Sources (Uses)	(181,720)	-	(181,720)	(13,905)	167,815

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<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)	\$ (2,095,652)	\$ (819,137)	\$ (2,914,789)	\$ 1,035,095	\$ 3,949,884
Fund Balance, Beginning of Year	<u>7,667,291</u>	<u>-</u>	<u>7,667,291</u>	<u>7,667,291</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,571,639</u>	<u>\$ (819,137)</u>	<u>\$ 4,752,502</u>	<u>\$ 8,702,386</u>	<u>\$ 3,949,884</u>
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 3,680,706	
Capital Reserve - Designated for Subsequent Year's Expenditures				655,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				220,000	
Excess Surplus				714,473	
Committed Fund Balance					
Encumbrances				300,000	
Assigned Fund Balance					
Encumbrances				824,748	
Designated for Subsequent Year's Expenditures				405,000	
Unassigned Fund Balance					
Undesignated				<u>1,902,459</u>	
				<u>8,702,386</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Less:					
Last State Aid Payments not recognized on GAAP Basis				(2,279,709)	
Extraordinary Aid Payment				<u>(822,275)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 5,600,402</u>	

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 2,352,404	\$ 426,090	\$ 2,778,494	\$ 2,376,743	\$ (401,751)
Federal	1,666,224	357,021	2,023,245	1,772,040	(251,205)
Local Sources					
Miscellaneous	-	71,973	71,973	44,173	(27,800)
Total Revenues	<u>4,018,628</u>	<u>855,084</u>	<u>4,873,712</u>	<u>4,192,956</u>	<u>(680,756)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,327,304	56,282	1,383,586	1,308,985	74,601
Other Salaries for Instruction	335,961	5,001	340,962	299,376	41,586
Purchased Professional/Educational Services		22,224	22,224	21,994	230
Other Purchased Services	746,013	81,604	827,617	825,617	2,000
General Supplies	556,993	(6,789)	550,204	470,141	80,063
Miscellaneous Expenditures	-	4,389	4,389	4,300	89
Total Instruction	<u>2,966,271</u>	<u>162,711</u>	<u>3,128,982</u>	<u>2,930,413</u>	<u>198,569</u>
Support Services					
Salaries of Supervisors Instruction	30,121	89	30,210	30,210	-
Salaries of Program Directors	66,236	-	66,236	60,497	5,739
Salaries of Secretarial and Clerical Asst.	16,718	-	16,718	-	16,718
Other Salaries	23,000	23,400	46,400	20,693	25,707
Salaries - Family/Parent Liaison		5,000	5,000	-	5,000
Personal Services-Employee Benefits	782,388	134,917	917,305	772,459	144,846
Purchased Professional/Educational Services	95,899	401,487	497,386	337,922	159,464
Travel		61,486	61,486	20,574	40,912
Other Purchased Services		31,550	31,550	18,540	13,010
Supplies and Materials	139,015	(53,440)	85,575	29,820	55,755
Miscellaneous Expenditures	700	15,508	16,208	5,992	10,216
Total Support Services	<u>1,154,077</u>	<u>619,997</u>	<u>1,774,074</u>	<u>1,296,707</u>	<u>477,367</u>
Facilities Acquisition and Construction					
Instructional Equipment	80,000	72,376	152,376	147,556	4,820
Total Facilities Acq. & Construction	<u>80,000</u>	<u>72,376</u>	<u>152,376</u>	<u>147,556</u>	<u>4,820</u>
Total Expenditures	<u>4,200,348</u>	<u>855,084</u>	<u>5,055,432</u>	<u>4,374,676</u>	<u>680,756</u>
Deficiency of Revenues Under Expenditures	(181,720)	-	(181,720)	(181,720)	-
Other Financing Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	181,720	-	181,720	181,720	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less Current Year State Aid Payments not recognized on GAAP Basis				<u>\$ -</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ -</u>	

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, 2019**

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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 63,114,319	(C-2) \$ 4,192,956
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, 2018		364
Encumbrances, June 30, 2019		(149,806)
State Aid and Extraordinary Aid payments (2017/2018) recognized for GAAP Statements not recognized for budgetary purposes.	2,764,779	117,695
State Aid and Extraordinary Aid payments (2018/2019) recognized for budgetary purposes not recognized for GAAP statements	<u>(3,101,984)</u>	<u>(256,228)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 62,777,114</u>	<u>\$ 3,904,981</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 62,065,319	(C-2) \$ 4,374,676
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, 2018		364
Encumbrances, June 30, 2019	<u>-</u>	<u>(149,806)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 62,065,319</u>	(B-2) <u>\$ 4,225,234</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Six Fiscal Years*

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.08123	%	0.08039	%	0.07804	%	0.07747	%	0.07602	%	0.07537	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,995,206		\$ 18,715,555		\$ 23,115,036		\$ 17,389,569		\$ 14,233,593		\$ 14,404,969	
District's Covered Payroll	\$ 5,547,742		\$ 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 Payroll	288.32%	%	336.84%	%	425.80%	%	332.22%	%	281.43	%	286.68	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60	%	48.10	%	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 Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 808,048	\$ 744,809	\$ 693,351	\$ 666,000	\$ 626,723	\$ 569,494
Contributions in Relation to the Contractually Required Contribution	<u>808,048</u>	<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>	<u>\$ -</u>
District's Covered Payroll	\$ 5,547,742	\$ 5,556,246	\$ 5,428,652	\$ 5,234,389	\$ 5,057,539	\$ 5,024,804
Contributions as a Percentage of Covered Payroll	14.57%	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 Six Fiscal Years*

	<u>2019</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>140,859,086</u>	<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>\$ 140,859,086</u>	<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 Payroll	\$ 22,911,817	\$ 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 Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	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, 2019**

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 Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 4,274,458	\$ 5,215,181
Interest on Total OPEB Liability	3,625,475	3,095,280
Differences Between Expected and Actual Experience	(9,467,284)	-
Changes of Assumptions	(9,710,163)	(12,957,575)
Gross Benefit Payments	(2,262,614)	(2,706,108)
Contribution from the Member	<u>78,200</u>	<u>99,646</u>
Net Change in Total OPEB Liability	(13,461,928)	(7,253,576)
Total OPEB Liability - Beginning	<u>98,078,398</u>	<u>105,331,974</u>
Total OPEB Liability - Ending	<u>\$ 84,616,470</u>	<u>\$ 98,078,398</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>84,616,470</u>	<u>98,078,398</u>
Total OPEB Liability - Ending	<u>\$ 84,616,470</u>	<u>\$ 98,078,398</u>
District's Covered- Payroll	<u>\$ 28,459,559</u>	<u>\$ 28,698,108</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	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, 2019**

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, 2019**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>Total</u>
REVENUES			
Intergovernmental			
State		\$ 2,376,743	\$ 2,376,743
Federal	\$ 1,772,040		1,772,040
Local Sources			
Miscellaneous	-	44,173	44,173
Total Revenues	<u>1,772,040</u>	<u>2,420,916</u>	<u>4,192,956</u>
EXPENDITURES			
Instruction			
Salaries of Teachers	432,135	876,850	1,308,985
Other Salaries for Instruction		299,376	299,376
Purchased Professional/Educational Services	19,424	2,570	21,994
Other Purchased Services	824,117	1,500	825,617
General Supplies	134,344	335,797	470,141
Miscellaneous Expenditures	1,689	2,611	4,300
Total Instruction	<u>1,411,709</u>	<u>1,518,704</u>	<u>2,930,413</u>
Support Services			
Salaries of Supervisors Inst.		30,210	30,210
Salaries of Program Directors		60,497	60,497
Other Salaries	1,204	19,489	20,693
Personal Services-Employee Benefits	249,192	523,267	772,459
Purchased Professional/Educational Services	82,884	255,038	337,922
Travel	20,574	-	20,574
Other Purchased Services	-	18,540	18,540
Supplies and Materials	6,477	23,343	29,820
Miscellaneous Expenditures	-	5,992	5,992
Total Support Services	<u>360,331</u>	<u>936,376</u>	<u>1,296,707</u>
Facilities Acquisition and Construction			
Instructional Equipment	-	147,556	147,556
Total Facilities Acq. & Construction	<u>-</u>	<u>147,556</u>	<u>147,556</u>
Total Expenditures	<u>1,772,040</u>	<u>2,602,636</u>	<u>4,374,676</u>
Deficiency of Revenues Under Expenditures	-	(181,720)	(181,720)
Other Financing Sources/(Uses)			
Budgeted Transfer from General Fund		181,720	181,720
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, 2019**

	<u>No Child Left Behind (NCLB) Consolidated</u>					<u>Individuals With Disabilities Education Act</u>		<u>Subtotal E-1A</u>
	<u>Title I</u>	<u>Title IIA</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>	
REVENUES								
Intergovernmental								
Federal	\$ 733,826	\$ 98,724	\$ 30,674	\$ 2,167	\$ 52,830	\$ 830,283	\$ 23,536	\$ 1,772,040
Total Revenues	<u>\$ 733,826</u>	<u>\$ 98,724</u>	<u>\$ 30,674</u>	<u>\$ 2,167</u>	<u>\$ 52,830</u>	<u>\$ 830,283</u>	<u>\$ 23,536</u>	<u>\$ 1,772,040</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 432,135							\$ 432,135
Purchased Professional-Educational Services	19,424							19,424
Other Purchased Services						\$ 824,117		824,117
General Supplies	27,743		\$ 30,235		\$ 52,830		\$ 23,536	134,344
Miscellaneous Expenditures	1,689	-	-	-	-	-	-	1,689
Total Instruction	<u>480,991</u>	<u>-</u>	<u>30,235</u>	<u>-</u>	<u>52,830</u>	<u>824,117</u>	<u>23,536</u>	<u>1,411,709</u>
Support Services								
Other Salaries				\$ 1,204				1,204
Personal Services-Employee Benefits	249,100			92				249,192
Purchased Professional-Educational Services		\$ 75,847		871		6,166		82,884
Travel		20,574						20,574
Supplies and Materials	3,735	2,303	439	-	-	-	-	6,477
Total Support Services	<u>252,835</u>	<u>98,724</u>	<u>439</u>	<u>2,167</u>	<u>-</u>	<u>6,166</u>	<u>-</u>	<u>360,331</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>
Total Expenditures	<u>\$ 733,826</u>	<u>\$ 98,724</u>	<u>\$ 30,674</u>	<u>\$ 2,167</u>	<u>\$ 52,830</u>	<u>\$ 830,283</u>	<u>\$ 23,536</u>	<u>\$ 1,772,040</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>

84

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Miscellaneous</u>	<u>Advanced Computer Science</u>	<u>Preschool Education Aid</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Security</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Chapter 192</u>			<u>Chapter 193</u>	<u>Subtotal E-1B</u>
								<u>Comp. Education</u>	<u>English as a Second Language</u>	<u>Transportation</u>	<u>Examination & Classification</u>	
REVENUES												
Intergovernmental												
State		\$ 30,458	\$ 2,235,826	\$ 9,619	\$ 4,770	\$ 11,578	\$ 5,565	\$ 74,155	\$ 1,726	\$ 1,043	\$ 2,003	\$ 2,376,743
Local	\$ 44,173	-	-	-	-	-	-	-	-	-	-	44,173
Total Revenues	\$ 44,173	\$ 30,458	\$ 2,235,826	\$ 9,619	\$ 4,770	\$ 11,578	\$ 5,565	\$ 74,155	\$ 1,726	\$ 1,043	\$ 2,003	\$ 2,420,916
EXPENDITURES												
Instruction												
Salaries of Teachers			\$ 876,850									\$ 876,850
Other Salaries for Instruction	\$ 2,242		297,134									299,376
Purchased Professional-Educational Services			2,570									2,570
Other Purchased Services	1,500											1,500
General Supplies	15,192	\$ 14,618	305,987	-	-	-	-	-	-	-	-	335,797
Miscellaneous Expenditures	-	-	2,611	-	-	-	-	-	-	-	-	2,611
Total Instruction	18,934	14,618	1,485,152	-	-	-	-	-	-	-	-	1,518,704
Support Services												
Salaries of Supervisors Inst.			30,210									30,210
Salaries of Program Directors			60,497									60,497
Other Salaries	300		19,189									19,489
Personal Services-Employee Benefits			523,267									523,267
Purchased Professional/Educational Services			144,579	\$ 9,619	\$ 4,770	11,578	\$ 5,565	\$ 74,155	\$ 1,726	\$ 1,043	\$ 2,003	255,038
Other Purchased Services		15,840	2,700									18,540
Supplies and Materials	7,020		16,323									23,343
Miscellaneous	-	-	5,992	-	-	-	-	-	-	-	-	5,992
Total Support Services	7,320	15,840	802,757	9,619	4,770	11,578	5,565	74,155	1,726	1,043	2,003	936,376
Facilities Acquisition and Construction												
Instructional Equipment	17,919	-	129,637	-	-	-	-	-	-	-	-	147,556
Total Facilities Acq. & Construction	17,919	-	129,637	-	-	-	-	-	-	-	-	147,556
Total Expenditures	\$ 44,173	\$ 30,458	\$ 2,417,546	\$ 9,619	\$ 4,770	\$ 11,578	\$ 5,565	\$ 74,155	\$ 1,726	\$ 1,043	\$ 2,003	\$ 2,602,636
Deficiency of Revenues Under Expenditures	-	-	(181,720)	-	-	-	-	-	-	-	-	(181,720)
Other Financing Sources/(Uses)												
Budgeted Transfer from General Fund			181,720									181,720
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, 2019**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 908,187	\$ 876,850	\$ 31,337
Other Salaries for Instruction	335,962	297,134	38,828
Purchased Professional - Educational Services	2,800	2,570	230
General Supplies	343,494	305,987	37,507
Miscellaneous Expenditures	<u>2,700</u>	<u>2,611</u>	<u>89</u>
Total Instruction	<u>1,593,143</u>	<u>1,485,152</u>	<u>107,991</u>
Support Services:			
Salaries of Supervisors Inst.	30,210	30,210	-
Salaries of Program Directors	66,236	60,497	5,739
Salaries of Secretaries & Clerical Assistants	16,718		16,718
Salaries of Other Professional Staff	35,100	19,189	15,911
Salaries - Family/Parent Liaison	5,000	-	5,000
Purchased Services - Employee Benefits	664,198	523,267	140,931
Purchased Professional - Educational Services	157,500	144,579	12,921
Other Purchased Services	15,710	2,700	13,010
Travel	2,486		2,486
Supplies and Materials	22,317	16,323	5,994
Miscellaneous Expenditures	<u>990</u>	<u>5,992</u>	<u>(5,002)</u>
Total Support Services	<u>1,016,465</u>	<u>802,757</u>	<u>213,708</u>
Facilities Acquisition and Construction			
Instructional Equipment	<u>134,391</u>	<u>129,637</u>	<u>4,754</u>
Total Facilities Acq. & Construction	<u>134,391</u>	<u>129,637</u>	<u>4,754</u>
Total Expenditures	<u>\$ 2,743,999</u>	<u>\$ 2,417,546</u>	<u>\$ 326,453</u>
Total Revised 2018-2019 Preschool Education Aid Allocation			\$ 2,562,279
Add: Actual Preschool Aid Carryover (June 30, 2018)			
Add: Budgeted Transfer from the General Fund 2018-2019			<u>181,720</u>
Total Preschool Education Aid Funds Available for 2018-2019 Budget			2,743,999
Less: Budgeted Preschool Education Aid			<u>(2,743,999)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019			-
Add: June 30, 2019 Unexpended Preschool Education Aid			<u>326,453</u>
2018-2019 Carryover - Preschool Education Aid			<u>\$ 326,453</u>
2018-2019 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2019-2020			<u>\$ 200,000</u>

CAPITAL PROJECTS FUND

**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, 2019**

Expenditures and Other

Financing Uses

Expenditures

Transfer to General Fund/Capital Reserve

\$ 167,815

Total Expenditures and Other Financing Uses

167,815

Excess (deficiency) of Revenues
over (under) Expenditures

(167,815)

Fund Balance - Beginning of Year - Budgetary Basis

167,815

Fund Balance - End of Year - Budgetary Basis

\$ -

Fund Balance - End of Year - GAAP Basis

\$ -

**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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 244,469		\$ 244,469	\$ 244,469
Transfer from Capital Reserve	248,304	\$ (46,170)	202,134	202,134
	<u>492,773</u>	<u>(46,170)</u>	<u>446,603</u>	<u>446,603</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	45,131		45,131	45,131
Construction Services	401,472		401,472	401,472
	<u>446,603</u>	<u>-</u>	<u>446,603</u>	<u>446,603</u>
Total Expenditures				
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 46,170</u>	<u>\$ (46,170)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
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	\$ 446,603			
Percentage Increase over Original Authorized Cost				
	N/A			
Percentage completion				
	100%			
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 - HURDEN LOOKER ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 240,906		\$ 240,906	\$ 240,906
Transfer from Capital Reserve	259,904	(60,721)	199,183	199,183
	<u>500,810</u>	<u>(60,721)</u>	<u>440,089</u>	<u>440,089</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	44,193		44,193	44,193
Construction Services	395,896		395,896	395,896
	<u>440,089</u>	<u>-</u>	<u>440,089</u>	<u>440,089</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 60,721</u>	<u>\$ (60,721)</u>	<u>\$ -</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	\$ 440,089			
Percentage Increase over Original Authorized Cost				
	N/A			
Percentage completion				
	100%			
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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 112,831		\$ 112,831	\$ 112,831
Transfer from Capital Reserve	101,018	\$ (7,919)	93,099	93,099
	<u>213,849</u>	<u>(7,919)</u>	<u>205,930</u>	<u>205,930</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	20,130		20,130	20,130
Construction Services	185,800		185,800	185,800
	<u>205,930</u>	<u>-</u>	<u>205,930</u>	<u>205,930</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 7,919</u>	<u>\$ (7,919)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
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	\$ 205,930			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100%			
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, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 114,135		\$ 114,135	\$ 114,135
Transfer from Capital Reserve	147,186	\$ (53,005)	94,181	94,181
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	261,321	(53,005)	208,316	208,316
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	27,431		27,431	27,431
Construction Services	180,885		180,885	180,885
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	208,316	-	208,316	208,316
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 53,005</u>	<u>\$ (53,005)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
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	\$ 208,316			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	100%			
Original target completion date	6/30/2015			
Revised target completion date	12/31/2018			

PROPRIETARY FUNDS

EXHIBIT G-1

**HILLSIDE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

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, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 117,399	\$ 1,300,594	\$ 1,417,993
Accounts Receivable	<u>-</u>	<u>872</u>	<u>872</u>
Total Assets	<u>\$ 117,399</u>	<u>\$ 1,301,466</u>	<u>\$ 1,418,865</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 1,301,466	\$ 1,301,466
Due to Student Groups	<u>\$ 117,399</u>	<u>-</u>	<u>117,399</u>
Total Liabilities	<u>\$ 117,399</u>	<u>\$ 1,301,466</u>	<u>\$ 1,418,865</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

<u>School</u>	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
ELEMENTARY SCHOOLS				
Calvin Coolidge	\$ 5,357	\$ 15,052	\$ 16,660	\$ 3,749
A.P. Morris	7,477	21,818	25,265	4,030
Hurden Looker	6,745	15,462	14,231	7,976
George Washington	4,863	9,481	5,983	8,361
JUNIOR HIGH SCHOOLS				
Walter O. Krumbiegel	12,114	45,587	51,646	6,055
SENIOR HIGH SCHOOL				
Hillside High School	<u>77,421</u>	<u>139,405</u>	<u>129,598</u>	<u>87,228</u>
Total	<u>\$ 113,977</u>	<u>\$ 246,805</u>	<u>\$ 243,383</u>	<u>\$ 117,399</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
Payroll Deductions and Withholdings	\$ 300,620	\$ 18,863,358	\$ 18,773,340	\$ 390,638
Accounts Receivable	(872)			(872)
Summer Savings	637,453	1,049,564	776,189	910,828
Accrued Salaries and Wages	<u>-</u>	<u>19,373,775</u>	<u>19,373,775</u>	<u>-</u>
Total	<u>\$ 937,201</u>	<u>\$ 39,286,697</u>	<u>\$ 38,923,304</u>	<u>\$ 1,300,594</u>

LONG-TERM DEBT

**HILLSIDE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<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, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Construction of an Addition and Improvements to the George Washington School	11/6/2015	\$ 6,750,000	11/1/2019	\$ 685,000	1.8669%			
			5/1/2020	685,000	1.8669%			
			11/1/2020	1,400,000	1.8669%			
						<u>\$ 4,120,000</u>	<u>\$ 1,350,000</u>	<u>\$ 2,770,000</u>
						<u>\$ 4,120,000</u>	<u>\$ 1,350,000</u>	<u>\$ 2,770,000</u>

**HILLSIDE BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$20,542,307
Restricted	48,532	48,639	701,721	701,829	1,862,718	2,712,518	9,618,305	4,379,528	4,532,602	4,335,706
Unrestricted	(46,185)	(946,949)	(766,218)	(668,476)	(15,881,687)	(15,341,938)	(20,975,257)	(17,269,467)	(18,147,217)	(17,920,151)
Total Governmental Activities Net Position	\$ 14,066,551	\$ 12,986,627	\$ 13,243,151	\$ 14,943,212	\$ 853,088	\$ 3,981,392	\$ 5,209,220	\$ 4,807,872	\$ 5,380,128	\$ 6,957,862
Business-Type Activities										
Net Investment In Capital Assets	\$ 65,733	\$ 52,937	\$ 44,089	\$ 43,664	\$ 89,289	\$ 89,846	\$ 84,085	\$ 104,728	\$ 107,837	\$ 104,469
Unrestricted	147,240	208,359	269,127	254,564	231,149	271,420	432,511	538,824	538,514	587,458
Total Business-Type Activities Net Position	\$ 212,973	\$ 261,296	\$ 313,216	\$ 298,228	\$ 320,438	\$ 361,266	\$ 516,596	\$ 643,552	\$ 646,351	\$ 691,927
District-Wide										
Net Investment In Capital Assets	\$ 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	\$20,646,776
Restricted	48,532	48,639	701,721	701,829	1,862,718	2,712,518	9,618,305	4,379,528	4,532,602	4,335,706
Unrestricted	101,055	(738,590)	(497,091)	(413,912)	(15,650,538)	(15,070,518)	(20,542,746)	(16,730,643)	(17,608,703)	(17,332,693)
Total District Net Position	\$ 14,279,524	\$ 13,247,923	\$ 13,556,367	\$ 15,241,440	\$ 1,173,526	\$ 4,342,658	\$ 5,725,816	\$ 5,451,424	\$ 6,026,479	\$ 7,649,789

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)

	2010		2011		2012		2013		Fiscal Year Ended June 30,		2014		2015		2016		2017		2018		2019	
Expenses																						
Governmental Activities																						
Instruction																						
Regular	\$	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	\$	28,483,466		
Special Education		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		10,805,925		
Other Instruction		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		4,317,811		
School Sponsored Activities and Athletics		588,643		652,345		727,611		699,647		700,647		777,843		808,825		797,057		826,233		1,207,838		
Support Services:																						
Student & Instruction Related Services		5,544,199		5,390,566		5,182,761		6,626,499		6,574,029		7,909,394		8,782,273		9,424,472		11,215,930		10,055,596		
Attendance And Social Work		35,234		13,958		15,914		15,010		15,603		15,664		32,058		50,038		-		-		
Educational Media/School Library		924,308		842,858		808,189		864,168		882,624		935,502		1,065,093		1,124,224		-		-		
School Administrative Services		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		4,852,521		
General Administration		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		1,462,348		
Central Services		959,747		965,077		942,254		1,325,267		1,027,351		1,183,876		1,224,377		1,407,913		1,335,068		1,220,532		
Plant Operations And Maintenance		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		7,185,612		
Pupil Transportation		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		1,849,250		
Interest On Long-Term Debt														54,842		118,687		93,431		68,514		
Total Governmental Activities Expenses		53,362,253		53,846,486		53,529,256		54,775,269		56,058,344		61,522,945		65,152,942		72,493,511		75,026,331		71,509,413		
Business-Type Activities:																						
Food Service		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		1,636,589		
Total District Expenses	\$	54,803,240	\$	55,247,021	\$	54,939,545	\$	56,246,154	\$	57,573,718	\$	63,064,925	\$	66,709,224	\$	73,999,211	\$	76,656,681	\$	73,146,002		
Program Revenues																						
Governmental Activities:																						
Charges For Services:																						
Instruction (Tuition)/Rentals			\$	140,532	\$	131,180	\$	705,289	\$	657,471	\$	295,075	\$	274,074	\$	73,163	\$	32,459	\$	63,000		
Operating Grants And Contributions	\$	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		22,312,511		
Capital Grants And Contributions		181,955		-		-		32,377		77,564		1,330,010		127,027				285,395		147,556		
Total Governmental Activities Program Revenues		13,857,055		9,195,796		8,910,872		11,693,298		10,700,458		17,208,859		18,433,689		22,900,214		25,583,491		22,523,067		
Business-Type Activities:																						
Charges For Services																						
Food Service	\$	485,567	\$	453,785	\$	434,862	\$	442,592	\$	454,267	\$	412,934	\$	419,494	\$	414,694	\$	411,023	\$	452,918		
Operating Grants And Contributions		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		1,229,247		
Total Business Type Activities Program Revenues		1,424,951		1,413,858		1,462,209		1,455,897		1,537,584		1,582,808		1,711,612		1,632,656		1,633,149		1,682,165		
Total District Program Revenues	\$	15,282,006	\$	10,609,654	\$	10,373,081	\$	13,149,195	\$	12,238,042	\$	18,791,667	\$	20,145,301	\$	24,532,870	\$	27,216,640	\$	24,205,232		
Net (Expense)/Revenue																						
Governmental Activities																						
	\$	(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)	\$	(48,986,346)		
Business-Type Activities																						
		(16,036)		13,323		51,920		(14,988)		22,210		40,828		155,330		126,956		2,799		45,576		
Total District-Wide Net Expense	\$	(39,521,234)	\$	(44,637,367)	\$	(44,566,464)	\$	(43,096,959)	\$	(45,335,676)	\$	(44,273,258)	\$	(46,563,923)	\$	(49,466,341)	\$	(49,440,041)	\$	(48,940,770)		

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 30,526,495
Unrestricted Grants And Contributions	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	19,740,098
Miscellaneous Income	702,187	695,686	711,333	159,457	100,774	149,445	110,659	107,314	321,760	297,487
Insurance Proceeds Utilized to Purchase Capital Assets				92,648	-	-	-			
Disposition of Capital Asset, net Transfers	(37,889)	-	-	(6,165)	-	-	-			
	(102,495)	(35,000)								
Total Governmental Activities	41,236,670	43,570,766	44,874,908	44,782,032	45,672,731	47,442,390	47,947,081	49,191,949	50,015,096	50,564,080
Business-Type Activities:										
Transfers	102,495	35,000								
Total Business-Type Activities	102,495	35,000	-	-	-	-	-	-	-	-
Total District-Wide	\$ 41,339,165	\$ 43,605,766	\$ 44,874,908	\$ 44,782,032	\$ 45,672,731	\$ 47,442,390	\$ 47,947,081	\$ 49,191,949	\$ 50,015,096	\$ 50,564,080
Change in Net Position										
Governmental Activities	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	\$ 314,845	\$ 3,128,304	\$ 1,227,828	\$ (401,348)	\$ 572,256	\$ 1,577,734
Business-Type Activities	86,459	48,323	51,920	(14,988)	22,210	40,828	155,330	126,956	2,799	45,576
Total District	\$ 1,817,931	\$ (1,031,601)	\$ 308,444	\$ 1,685,073	\$ 337,055	\$ 3,169,132	\$ 1,383,158	\$ (274,392)	\$ 575,055	\$ 1,623,310

Source: District financial records

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

	2010		2011		2012		2013		Fiscal Year Ended June 30,		2014		2015		2016		2017		2018		2019	
General Fund																						
Reserved	\$	1,243,746																				
Unreserved		(319,448)																				
Restricted			\$	42,255	\$	695,337	\$	701,829	\$	501,424	\$	2,372,027	\$	1,985,193	\$	3,044,525	\$	4,639,261	\$	5,270,179		
Committed				880,529																	100,532	300,000
Assigned				1,200,000		1,497,088		1,742,235		907,973		1,544,442		2,250,060		1,327,546		1,289,131		1,229,748		
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)		(1,199,525)		
Total General Fund	\$	924,298	\$	200,224	\$	1,103,119	\$	1,308,080	\$	319,446	\$	2,777,540	\$	3,153,280	\$	3,288,581	\$	4,902,512	\$	5,600,402		
All Other Governmental Funds																						
Reserved	\$	118,747																				
Unreserved		(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)		(256,228)		
Total All Other Governmental Funds	\$	41,473	\$	(65,708)	\$	(72,857)	\$	(103,206)	\$	1,259,729	\$	245,157	\$	7,945,094	\$	1,711,429	\$	50,120	\$	(256,228)		

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,

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 30,526,495
Tuition Charges	136,754	140,532	131,180	93,710	155,478	295,075	274,074	73,163	32,459	63,000
Miscellaneous	744,812	733,350	723,360	828,194	631,786	174,146	124,553	123,018	376,988	340,711
State Sources	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	34,011,523
Federal Sources	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	1,740,366
Total Revenue	55,185,878	52,801,562	53,785,780	56,388,847	56,373,189	59,403,385	59,550,978	61,384,373	63,645,279	66,682,095
Expenditures										
Instruction										
Regular Instruction	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	24,663,799
Special Education Instruction	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	9,726,740
Other Instruction	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	3,719,387
School Sponsored Act. & Athletics	580,852	641,874	717,003	686,889	688,135	763,972	784,925	759,243	730,620	1,107,659
Support Services:										
Student & Inst. Related Services	5,486,801	5,319,466	5,113,841	6,517,635	6,463,319	7,068,404	7,580,929	7,802,026	9,030,881	8,999,755
Attendance And Social Work	34,667	13,684	15,614	14,676	15,248	15,305	30,874	37,390	-	-
Educational Media/School Library	910,410	827,062	793,628	846,113	863,719	833,411	930,564	899,325	-	-
General Administration	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	1,389,738
School Administrative Services	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	4,218,644
Central Services and Info. Technology	945,827	947,809	926,381	966,820	831,260	1,086,019	1,095,037	1,205,633	1,098,419	1,115,307
Plant Operations And Maintenance	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	6,669,235
Pupil Transportation	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	1,809,086
Capital Outlay	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	1,450,588
Debt Service:										
Principal								1,305,000	1,325,000	1,350,000
Interest And Other Charges							45,156	119,902	95,492	70,615
Total Expenditures	54,335,052	53,597,717	52,890,034	56,214,235	55,998,888	57,959,863	58,225,301	67,482,737	63,692,657	66,290,553
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	850,826	(796,155)	895,746	174,612	374,301	1,443,522	1,325,677	(6,098,364)	(47,378)	391,542
Other Financing Sources (Uses)										
Lease Purchase Proceeds (Non-Budgeted)							6,750,000			
Transfers In	673,160	532,084	607,881	442,911	1,838,724	557,940	2,398,880	687,818	1,760,278	349,535
Transfers Out	(775,655)	(567,084)	(607,881)	(442,911)	(1,838,724)	(557,940)	(2,398,880)	(687,818)	(1,760,278)	(349,535)
Total Other Financing Sources (Uses)	(102,495)	(35,000)	-	-	-	-	6,750,000	-	-	-
Net Change In Fund Balances	\$ 748,331	\$ (831,155)	\$ 895,746	\$ 174,612	\$ 374,301	\$ 1,443,522	\$ 8,075,677	\$ (6,098,364)	\$ (47,378)	\$ 391,542
Debt Service As A Percentage Of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	2.35%	2.28%	2.19%

* 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)**

Fiscal Year Ended June 30,	Interest Earned	Athletic Account Receipts	Refunds/ Reimbursements	IEP Overhead Fee	Tuitions	Miscellaneous	Total
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
2019	163,227	4,030	28,438		63,000	101,792	360,487

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,	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>	<u>Estimated Actual (County Equalized) Value</u>	<u>Total Direct School Tax Rate ^a</u>
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
2019	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: County Abstract of Ratables

N/A - Information Not Available

^a 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	
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
2019	N/A	N/A	N/A	N/A

Source: County Abstract of Ratables

N/A - Information Not Available

**HILLSIDE BOARD OF EDUCATION
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)**

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value

INFORMATION NOT
 AVAILABLE

INFORMATION NOT
 AVAILABLE

Source: Municipal Tax Assessor

**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	
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
2019	30,526,495	30,526,495	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		
2010					-	21,488	
2011					-	21,549	
2012					-	21,626	
2013					-	21,733	
2014					-	21,780	
2015					-	21,818	
2016		\$ 6,750,000			\$ 6,750,000	21,906	\$ 308
2017		5,445,000			5,445,000	21,976	248
2018		4,120,000			4,120,000	22,054	Est. 187
2019		2,770,000			2,770,000	22,054	Est. 126

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 ^a of Property	Per Capita ^b
	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, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1) Township	\$ 15,091,139	-	\$ 15,091,139
	<u>\$ 15,091,139</u>	<u>\$ -</u>	<u>15,091,139</u>
Overlapping Debt Apportioned to the Municipality: Union County			<u>17,957,431</u>
Total Direct and Overlapping Debt			<u>\$ 33,048,570</u>

Source:

(1) Township's 2018 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2018 equalized value by the total 2018 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 2018

Equalized valuation basis	
2018	\$ 1,864,779,307
2017	1,733,526,958
2016	<u>1,670,580,124</u>
	<u>\$ 5,268,886,389</u>
	\$ 1,756,295,463
	70,251,819 a
	<u>-</u>
	<u>\$ 70,251,819</u>

113

	<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>
Debt Limit	\$ 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	\$ 70,251,819
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>\$ 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>	<u>\$ 70,251,819</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 NJSA 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>
2010	21,488	N/A	\$ 50,990	14.90%
2011	21,549	N/A	52,990	14.80%
2012	21,626	N/A	54,873	14.80%
2013	21,733	N/A	55,681	15.40%
2014	21,780	N/A	58,571	9.10%
2015	21,818	N/A	60,584	7.80%
2016	21,906	N/A	61,624	7.00%
2017	21,976	N/A	64,413	6.40%
2018	22,054	N/A	N/A	6.00%
2019	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	2019		2010	
	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>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>	<u>2019</u>
Instruction										
Regular	269.6	264.2	253.7	234.0	229.0	206.16	201.66	204.27	228.00	229.00
Special education	57.0	51.2	57.1	57.1	56.2	62.00	61.00	63.00	71.00	71.00
Support Services:										
Student & instruction related services	52.8	52.3	51.6	57.5	58.3	74.65	72.52	68.72	74.58	78.58
General administration	5.3	4.7	4.1	5.0	5.0	4.00	4.00	5.00	5.00	5.00
School administrative services	34.4	31.8	29.8	29.0	29.8	27.60	27.60	26.60	28.66	29.50
Other administrative services										
Central services	8.1	7.7	7.6	7.8	7.8	7.60	7.80	7.80	7.80	7.80
Administrative Information Technology	0.4	0.4	0.4	0.4	0.4	0.40	0.52	0.52	0.52	0.52
Plant operations and maintenance	69.3	72.3	69.9	77.9	66.0	74.50	73.50	72.00	69.20	70.85
Pupil transportation	7.5	11.0	7.4	10.5	10.5	8.50	4.00	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	-	-	0.50	0.50	0.50	0.50
Total	<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>	<u>496.75</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 ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
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	2.81%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	0.66%	93.29%
2015	3,084	55,292,489	17,929	-2.28%	296	1:11	1:13	1:9	3,084	2,920	1.51%	94.68%
2016	3,041	56,801,012	18,678	4.18%	281	1:12	1:12	1:9	3,041	2,869	-1.39%	94.34%
2017	3,106	59,213,457	19,064	2.07%	284	1:11	1:12	1:10	3,072	2,898	1.02%	94.34%
2018	3,026	60,897,550	20,125	5.56%	276	1:12	1:12	1:10	3,026	2,852	-1.50%	94.25%
2019	3,089	63,419,350	20,531	2.02%	285	1:12	1:12	1:10	3,089	2,910	2.08%	94.21%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District Building										
<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	612	614	688	644	653	676	642	616	600	639
<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	195	201	214	204	219	232	224	212	210
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	402	398	494	423	411	446	469	492	486	465
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	450	450
Enrollment	295	356	260	246	217	204	231	247	474	488
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	N/A
Capacity (students)	260	260	N/A	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	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	452	443	660	693	701	712	666	622	410	450
<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	891	880	842	798	821	826	801	871	844	837
<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, 2019										
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>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>	<u>2019</u>
School Facilities										
Calvin Coolidge	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	\$ 110,896	\$ 106,508	\$ 99,955	\$ 71,302	\$ 102,334	\$ 160,857
Hurden Looker	214,919	270,582	93,510	123,229	175,272	147,442	385,129	107,283	181,531	150,071
Walter Krumbiegel	199,412	154,350	261,164	158,858	211,894	225,878	174,119	299,243	230,838	263,198
A.P. Morris	210,424	208,478	210,750	216,231	323,440	317,806	328,626	242,858	232,576	131,621
A.P. Morris Annex	56,562	23,981	-	-	-	-	-	-	-	-
George Washington	102,855	80,205	49,114	125,710	134,777	183,004	94,550	159,861	141,403	121,306
Hillside High School	430,940	681,035	910,999	395,337	582,576	359,771	500,624	444,355	493,899	402,396
Saybrook	21,813	12,451	13,992	39,877	20,029	37,193	27,955	17,692	22,248	12,717
<u>Total School Facilities</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>	<u>1,242,166</u>
Other Facilities										
Stadium	14,868	2,853	9,601	8,606	4,098	164,468	28,675	8,291	7,203	3,540
Administration	12,981	10,884	11,881	14,851	40,659	44,378	14,411	13,782	13,441	19,607
<u>Total Other Facilities</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>	<u>23,147</u>
Grand Total	<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>	<u>\$ 1,265,313</u>

Source: School District's Financial Statements

**HILLSIDE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2019
(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

EXHIBIT K-1

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

**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, 2019 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 December 5, 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.

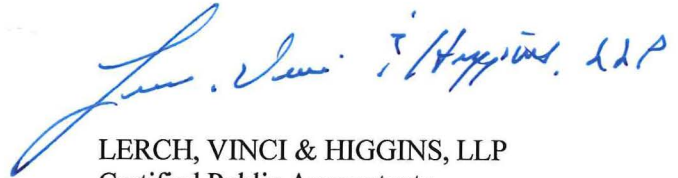
Compliance and Other Matters

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.

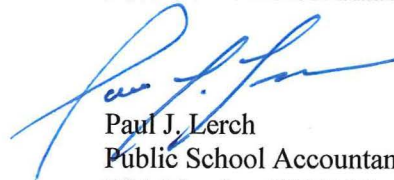
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hillside Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 5, 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
December 5, 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, 2019. 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, 2019.

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.

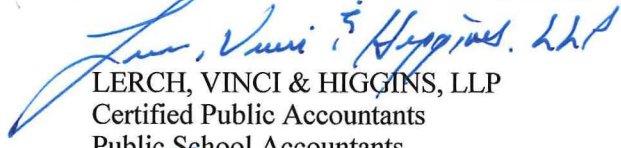
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

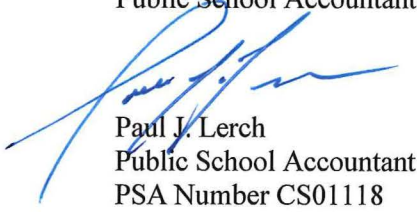
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 Hillside Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 5, 2019, which contained unmodified opinions. 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
December 5, 2019

HILLSIDE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	FAIN Number	Grant or State State Project Number	Grant Period	Award Amount	Balance July 1, 2018	(A/R) Carryover Amount	(Unearned Rev) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2019			Memo GAAP Receivable
													(Accounts Receivable)	Unearned Revenue/	Due to Grantor	
U.S. Department of Agriculture																
Passed-through State Department of Education																
National School Lunch Program-Non-Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	\$ 121,100				\$ 121,100	\$ 119,210				\$ 1,890		*
National School Lunch Program-Non-Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	131,857	\$ 4,268				4,268						*
National School Lunch Program-Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	747,728				604,432	747,728			\$ (143,296)			*
National School Lunch Program-Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	758,917	(154,913)			154,913							*
After School Snack	10.558	191NJ304N1099	N/A	7/1/18-6/30/19	50,238				40,483	50,238			(9,755)			*
After School Snack	10.558	181NJ304N1099	N/A	7/1/17-6/30/18	33,736	(7,174)			7,174							*
School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	293,704				233,681	293,704			(60,023)			*
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	280,747	(59,501)			59,501							*
Total U.S. Department of Agriculture/Food Service Fund						(217,320)	-	-	1,221,284	1,215,148	-	-	(213,074)	1,890	-	*
U.S. Department of Education passed-through State Department of Education																
General Fund																
Special Education Medicaid Initiative (SEMI) Program	93.778	1905NJ5MAP	N/A	7/1/18-6/30/19	63,958	-	-	-	63,958	63,958	-	-	-	-	-	*
Total General Fund						-	-	-	63,958	63,958	-	-	-	-	-	*
Special Revenue Fund																
I.A.S.A. Consolidated Grant/NCLB																
Title I	84.010A	S010A180030	NCLBCV-090300	7/1/18-6/30/19	742,861		\$(38,220)	\$ 38,220	\$ 648,848	733,826	\$ 6,000		(138,233)	53,255		*
Title I	84.010A	S010A170030	NCLBCV-090300	7/1/17-6/30/18	726,139	(160,545)	38,220	(38,220)	160,545	-						*
Title I S1A	84.010A	S010A180030	NCLBCV-090300	7/1/18-6/30/19	16,177				-	-			(16,177)	16,177		*
Title II	84.367A	S367A180029	NCLBCV-090300	7/1/18-6/30/19	138,876		(57,510)	74,921	68,610	98,724	(6,000)		(121,776)	109,073		*
Title II	84.367A	S367A170029	NCLBCV-090300	7/1/17-6/30/18	111,504	(6,578)	57,510	(74,921)	23,989							*
Title III	84.365A	S365A180030	NCLBCV-090300	7/1/18-6/30/19	47,751		(29,752)	29,752	20,059	30,674			(57,444)	46,829		*
Title III	84.365A	S365A170030	NCLBCV-090300	7/1/17-6/30/18	54,246	(5,236)	29,752	(29,752)	5,236							*
Title III, Emergency Immigrant	84.365A	S365A180030	NCLBCV-090300	7/1/18-6/30/19	11,752		(9,146)	9,147	1,797	2,167			(19,101)	18,732		*
Title III, Emergency Immigrant	84.365A	S365A170030	NCLBCV-090300	7/1/17-6/30/18	9,147	(46)	9,146	(9,147)	47							*
Title IV	84.938C	S424A170031	NCLBCV-090300	7/1/18-6/30/19	44,766		(8,064)	8,064		52,830			(52,830)	-		*
Title IV	84.938C	S424A170031	NCLBCV-090300	7/1/17-6/30/18	10,064		(8,064)	(8,064)								*
I.D.E.A. Part B																
Basic Regular	84.027	H027A180100	IDEA219009	7/1/18-6/30/19	830,678		(6,191)	6,191	789,660	830,283			(47,209)	6,586		*
Basic Regular	84.027	H027A170100	IDEA219009	7/1/17-6/30/18	843,823	(168,341)	6,191	(6,191)	168,341							*
Preschool	84.173	H173A180114	IDEA219009	7/1/18-6/30/19	24,090				5,269	23,536			(18,821)	554		*
Total I.D.E.A. Part B Cluster						(168,341)	-	-	963,270	853,819	-	-	(66,030)	7,140	-	*
Temporary Emergency Impact Aid	84.424			7/1/17-6/30/18	18,000	(18,000)			18,000							*
Total U.S. Department of Education/Special Revenue Fund						(358,746)	-	-	1,910,401	1,772,040	-	-	(471,591)	251,206	-	*
Total						\$ (576,066)	\$ -	\$ -	\$3,195,643	\$ 3,051,146	\$ -	\$ -	\$ (684,665)	\$ 253,096	\$ -	* \$ (433,459)

126

HILLSIDE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Transfers In/ Adjustments	Repayment of Prior Years' Balances	June 30, 2019			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund														
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 19,723,724			\$ 17,777,299	\$ 19,723,724			\$ (1,946,425)			*	\$ 19,723,724
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	19,723,724	\$ (1,953,343)		1,953,343				-			*	-
Categorical Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,827,031			1,646,731	1,827,031			(180,300)			*	1,827,031
Categorical Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,827,031	(180,940)		180,940				-			*	-
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	1,089,465			981,952	1,089,465			(107,513)			*	1,089,465
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	244,325	(24,197)		24,197				-			*	-
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	6,164	(567)		567				-			*	-
Parcc Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	29,430	(2,931)		2,931				-			*	-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	29,430	(2,931)		2,931				-			*	-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	30,450	(3,027)		3,027				-			*	-
Total State Aid - Public Cluster				(2,167,936)		22,573,918	22,640,220			(2,234,238)			*	22,640,220
Extraordinary Special Education Costs Aid	19-100-034-5120-473	7/1/18-6/30/19	822,275			-	822,275			(822,275)			*	822,275
Extraordinary Special Education Costs Aid	18-100-034-5120-473	7/1/17-6/30/18	585,911	(585,911)		588,188	2,277			-			*	2,277
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	460,771			415,300	460,771			(45,471)			*	460,771
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	110,390	(10,932)		10,932				-			*	-
TPAF Pension - Post Ret. Medical	19-495-034-5094-001	7/1/18-6/30/19	2,005,505			2,005,505	2,005,505			-			*	2,005,505
TPAF Pension - NCGI Premium	19-495-034-5094-006	7/1/18-6/30/19	90,652			90,652	90,652			-			*	90,652
TPAF Pension - Long-term Disability	19-495-034-5094-006	7/1/18-6/30/19	5,119			5,119	5,119			-			*	5,119
TPAF Pension - Normal Cost	19-495-034-5094-007	7/1/18-6/30/19	4,330,671			4,330,671	4,330,671			-			*	4,330,671
TPAF - Social Security	19-495-034-5094-003	7/1/18-6/30/19	1,805,889			1,719,156	1,805,889			(86,733)			*	\$ (86,733) 1,805,889
TPAF - Social Security	18-495-034-5094-003	7/1/17-6/30/18	1,656,328	(80,471)		80,471				-			*	-
Total General Fund				(2,845,250)		31,819,912	32,163,379			(3,188,717)			*	(86,733) 32,163,379
Special Revenue Fund														
Preschool Education/Expansion Aid	19-495-034-5120-086	7/1/18-6/30/19	2,562,279			2,306,051	\$ 2,417,546	\$ 181,720		\$ (256,228)	\$ 326,453		*	\$ 2,417,546
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	1,176,954	(117,695)		117,695				-			*	-
Advanced Computer Science		1/15/19-6/30/20	44,184				30,458			(44,184)	13,726		*	(30,458) 30,458
New Jersey Nonpublic Aid:														
Textbook Aid	19-100-034-5120-373	7/1/18-6/30/19	9,825			9,825	9,619				\$ 206		*	9,619
Textbook Aid	18-100-034-5120-373	7/1/17-6/30/18	9,313	93					\$ 93				*	-
Technology Initiative Aid	19-100-034-5120-373	7/1/18-6/30/19	6,624			6,624	5,565				1,059		*	5,565
Technology Initiative Aid	18-100-034-5120-373	7/1/17-6/30/18	6,290	105					105				*	-
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	18,624			18,624	11,578				7,046		*	11,578
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	16,781	6,596					6,596				*	-
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	28,800			28,800	4,770			-	-	24,030	*	- 4,770
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	12,975	90					90				*	-
Total Nonpublic Aid Cluster				6,884		63,873	31,532		6,884			32,341	*	31,532
Auxiliary Services:														
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	88,410			88,410	74,155				14,255		*	74,155
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	83,003	395					395				*	-
Transportation	19-100-034-5120-067	7/1/18-6/30/19	1,043			1,043	1,043						*	1,043
English as a Second Language	19-100-034-5120-067	7/1/18-6/30/19	1,726			1,726	1,726						*	1,726
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster				395		91,179	76,924		395			14,255	*	76,924

127

HILLSIDE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Transfers In/ Adjustments	Repayment of Prior Years' Balances	June 30, 2019			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Special Revenue Fund (Continued)														
Handicapped Services:														
Examination and Classification	19-100-034-5120-068	7/1/18-6/30/19	\$ 9,642			\$ 9,642	\$ 2,003					\$ 7,639	*	\$ 2,003
Corrective Speech	19-100-034-5120-068	7/1/18-6/30/19	1,786			1,786	-					1,786	*	-
Supplemental Instruction	19-100-034-5120-068	7/1/18-6/30/19	5,551			5,551	-					5,551	*	-
Supplemental Instruction	18-100-034-5120-068	7/1/17-6/30/18	4,996	\$ 4,996	-	-	-	-	\$ 4,996	-	-	-	*	-
Total Nonpublic Handicapped Services Aid (Chapter 193) Cluster				4,996	-	16,979	2,003	-	4,996	-	-	14,976	*	2,003
Total Special Revenue Fund				(105,420)	-	2,595,777	2,558,463	\$ 181,720	12,275	\$ (300,412)	\$ 340,179	61,572	*	\$ (30,458) 2,558,463
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	15,218			12,355	15,218			(2,863)			*	(2,863) 15,218
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	15,243	(3,170)	-	2,051	-	1,119	-	-	-	-	*	-
Total Enterprise Fund				(3,170)	-	14,406	15,218	1,119	-	(2,863)	-	-	*	(2,863) 15,218
State of New Jersey Educational Facilities Construction and Financing														
Hillside High School	2190-050-14-1005	N/A	299,785	(23,015)		23,015							*	-
Hurden-Looker Elementary	2190-080-14-1007	N/A	313,789	(21,185)		21,185							*	-
AP Morris Early Childhood Center	2190-090-14-1009	N/A	121,962	(11,053)		11,053							*	-
George Washington Elementary School	2190-110-14-1010	N/A	177,703	(10,195)	-	10,195	-	-	-	-	-	-	*	-
Total Capital Projects Fund				(65,448)	-	65,448	-	-	-	-	-	-	*	-
Total State Financial Assistance Subject to Single Audit Determination				\$ (3,019,288)	\$ -	\$ 34,495,543	34,737,060	\$ 182,839	\$ 12,275	\$ (3,491,992)	\$ 340,179	\$ 61,572	*	\$ (120,054) \$ 34,737,060
Less On-Behalf TPAF Pension and Annuity Aid														
							2,005,505							
							90,652							
							5,119							
							4,330,671							
							6,431,947							
Total for State Financial Assistance for Major Programs Determination							\$ 28,305,113							

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 a decrease of \$337,205 for the general fund and a decrease of \$287,975 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	\$ 63,958	\$ 31,826,174	\$ 31,890,132
Special Revenue Fund	1,676,408	2,185,349	3,861,757
Food Service Fund	<u>1,215,148</u>	<u>14,099</u>	<u>1,229,247</u>
Total Financial Assistance	<u>\$ 2,955,514</u>	<u>\$ 34,025,622</u>	<u>\$ 36,981,136</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, 2019**

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 \$1,805,889 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$4,421,323, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,005,505 and TPAF Long-Term Disability Insurance in the amount of \$5,119 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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, 2019**

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>H027A180100</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>H173A180114</u>	<u>IDEA Part B, Preschool</u>
<u>10.555</u>	<u>191NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>191NJ304N1099</u>	<u>School Breakfast Program</u>
<u> </u>	<u> </u>	<u> </u>

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

State Awards Section

Type of auditors' report on compliance for major programs:	<u>Unmodified</u>
Dollar threshold used to determine Type A programs:	\$ <u>849,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no
Internal Control over compliance:	
1) Material weakness(es) identified?	<u> </u> yes <u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u> </u> yes <u> X </u> no
Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended?	<u> </u> yes <u> X </u> no
Identification of major programs:	

GMIS Number(s)	Name of State Program
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Categorical Special Education Aid
19-495-034-5120-084	Security Aid
19-495-034-5120-086	Preschool Education Aid
19-495-034-5094-003	TPAF - Social Security

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

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, 2019**

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.