

HILLSIDE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Hillside, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Hillside Board of Education

Hillside, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-17
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	18
A-2 Statement of Activities	19

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	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	28-49
--	-------

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	50-58
C-1B	Budgetary Comparison Schedule – Education Jobs Fund	59
C-2	Budgetary Comparison Schedule – Special Revenue Fund	60
C-3	Budgetary Comparison Schedule – Note to Required Supplementary Information	61

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	62-65
E-2	Schedule of Preschool Education Aid – Budgetary Basis	66

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	67
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	68
F-2A	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Stairwall Fire Door Project	69

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Position – N/A	70
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position – N/A	70
G-3	Combining Statement of Cash Flows – N/A	70

Internal Service Fund

G-4	Combining Statement of Net Position – N/A	71
G-5	Combining Statement of Revenues, Expenses and Changes in Net Assets – N/A	71
G-6	Combining Statement of Cash Flows – N/A	71

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION (Continued)

H. Fiduciary Funds

H-1	Combining Statement of Agency Fund Net Position	72
H-2	Combining Statement of Changes in Net Position – N/A	72
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	73
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	73

I. Long-Term Debt

I-1	Schedule of Serial Bonds – N/A	74
I-2	Schedule of Obligations under Capital Leases – N/A	74
I-3	Debt Service Fund Budgetary Comparison Schedule – N/A	74

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	75
J-2	Changes in Net Position	76-77
J-3	Fund Balances – Governmental Funds	78
J-4	Changes in Fund Balances - Governmental Funds	79
J-5	General Fund Other Local Revenue by Source	80
J-6	Assessed Value and Actual Value of Taxable Property	81
J-7	Direct and Overlapping Property Tax Rates	82
J-8	Principal Property Taxpayers	83
J-9	Property Tax Levies and Collections	84
J-10	Ratios of Outstanding Debt by Type	85
J-11	Ratios of Net General Bonded Debt Outstanding	86
J-12	Direct and Overlapping Governmental Activities Debt	87
J-13	Legal Debt Margin Information	88
J-14	Demographic and Economic Statistics	89
J-15	Principal Employers	90
J-16	Full-Time Equivalent District Employees by Function/Program	91
J-17	Operating Statistics	92
J-18	School Building Information	93
J-19	Schedule of Required Maintenance for School Facilities	94
J-20	Insurance Schedule	95

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

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	96-97
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04 Independent Auditor's Report	98-100
K-3	Schedule of Expenditures of Federal Awards	101-102
K-4	Schedule of State Financial Assistance	103-104
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	105-106
K-6	Schedule of Findings and Questioned Costs	107-111
K-7	Summary Schedule of Prior Audit Findings	112

INTRODUCTORY SECTION



BOARD OF EDUCATION
TOWNSHIP OF HILLSIDE
195 VIRGINIA STREET
HILLSIDE, NEW JERSEY 07205

Kenneth R. Weinheimer
Business Administrator/Board Secretary

Tel. 908-352-7664 Ext. 6428
Fax 908-282-5830
E-mail: KWeinheimer@hillsidek12.org

November 19, 2013

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, 2013 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, 2013, 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 of 1984, as amended, and the U.S. Office of Management and Budget OMB A-133, "*Audits of State and Local Governments*", and the State Treasury Circular Letter 04-04 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.

REPORTING ENTITY AND ITS SERVICES (Continued)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2012-13	3,018	2,812	93.5%
2011-12	3,105	2,906	92.3
2010-11	3,123	2,906	93.5
2009-10	3,140	2,914	93.5
2008-09	3,131	2,933	93.9
2007-08	3,115	2,976	95.5
2006-07	3,175	2,996	94.4
2005-06	3,304	2,969	89.9
2004-05	3,365	3,031	90.0
2003-04	3,408	3,088	90.5

ECONOMIC CONDITION AND OUTLOOK

The Township of Hillside is a community with a mixed economy and changing industrial and housing trends. The Hillside Chamber of Commerce represents the businesses and services in the Township. The population of the Township continues to change. A turnover in housing brings in new families with children. The student population is presently (September 30, 2013) 3,032.

The district presently has seven schools (AP Morris-ECC, Saybrook, Calvin Coolidge, George Washington, Hurden Looker, Walter O. Krumbiegel, and Hillside High School). Saybrook School was opened in the 2012-13 school year as a performing arts academy extension of the high school.

Facilities necessary for an educational program that can deliver the New Jersey Common Core State Standards have been improved but many are still lacking the ability to fully support educational programs due to age, condition and lack of adequate core facilities. Despite the ongoing investment of significant money over recent years, there are still needs for significant renovations, additions and new facilities.

In 2012-13 dropped ceiling work was completed at Hillside High School and Calvin Coolidge School windows were replaced at AP Morris, Calvin Coolidge, George Washington and door replacement continued at Walter O. Krumbiegel, Hurden Looker and Hillside High Schools. Significant interior and exterior painting was completed at Calvin Coolidge and Hurden Looker Schools along with cement work at Hurden Looker, and Hillside High Schools.

The annual operating budget increased within the two (2) percent limit established by the State of New Jersey and therefore did not require a public vote in 2012.

Through continued sound fiscal measures and hard financial decisions, the Board of Education invested in the future of its educational program by committing additional funds to the upgrade of its Internet service as we prepare for PARCC testing. The Board of Education also purchased new language arts textbooks, novel, and educational programs, and classroom supplies. In addition, the purchase of a teacher evaluation management system was completed. In addition, we are continuing with the maintenance and upgrade of buildings and grounds to the extent the budget allows.

DEMOGRAPHICS OF STUDENT POPULATION

African American	66.09%
White	9.79%
Hispanic	21.38%
Other	2.74%

MAJOR INITIATIVES:

During the 2012-2013 school year, students in Hillside continued to benefit from a number of educational initiatives undertaken to raise student achievement. Many of these initiatives were implemented to support a more rigorous instructional program. Ongoing professional development, always a component of new instructional initiatives, was provided to ensure success in these efforts. Specifically, curriculums were revised to conform to Core Curriculum State Standards.

Math and Science education, Grades K – 12: The district continues to participate in the partnership with the Merck Institute for Science Education (MISE). This partnership of seven school districts and MISE work to support teachers and administrators in the areas of improving science instruction. Through the Leadership Academy for Science Instruction, participants gain a deeper understanding the nuances of science teaching and learning and work to build a shared vision of effective science instruction and its impact on student performance. To further support the STEM initiative, the district purchased science kits for all K – 6 science teachers to support the teaching of the same kit at the same time across grade levels. These exemplary programs paired with professional development better prepare students for learning science in depth at the middle and high school levels.

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 and 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 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, 2013.

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: At June 30, 2013, the District had no outstanding long-term debt and capital leases.

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 of 1984, as amended, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 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,

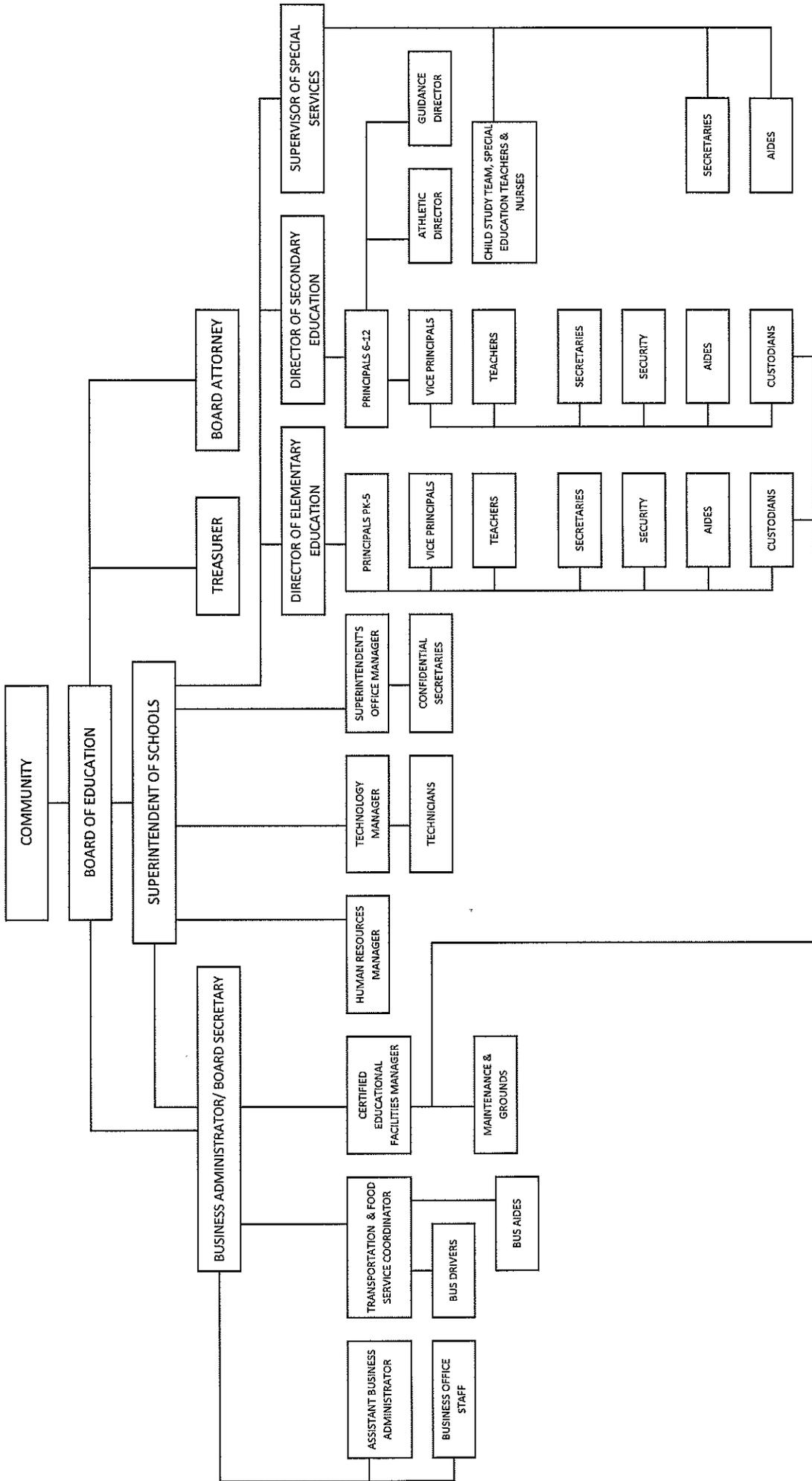


Dr. Frank Deo
Superintendent of Schools



Kenneth R. Weinheimer
Business Administrator/Board Secretary

ORGANIZATION OF PERSONNEL AND REPORTING RESPONSIBILITIES
HILLSIDE PUBLIC SCHOOLS



**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
George Cook, III, President	2013
Rayba Watson, Vice President	2014
Angela Menza	2015
Nancy Mondella	2013
Calvin Lofton	2015
Natalie Scott	2014
Robert Trotte	2013
Beverly A. Powell	2015
Nathalie E. Yafet	2014

Other Officials

Dr. Frank Deo, Superintendent of Schools
Kenneth Weinheimer, Business Administrator/Board Secretary
Manuel Vieira, Treasurer of School Monies
Adams, Stern, Gutierrez & Lattiboudere, LLC, Board Attorney

**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2013**

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

Investors Bank .

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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, 2013 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 of 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 previously 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, 2013, 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 and budgetary comparison 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 U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, 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.

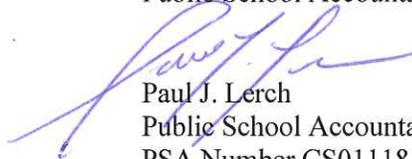
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2013 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 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
November 19, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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, 2013. 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 2013 are as follows:

- District-Wide - Overall revenues were \$57,931,227. General revenues accounted for \$44,814,409 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,116,818 or 23 percent of total revenues of \$57,931,227.
- District-Wide - The School District had \$56,246,154 in expenses; only \$13,116,818 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$44,814,409 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 \$1,204,874, an increase of \$174,612 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2013, unassigned fund balance for the General Fund was \$(1,135,984), an increase of \$46,678.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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 and food service	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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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 2013 and 2012 which for 2013 and 2012 were \$15,241,440 and \$13,556,367, 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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Table A-2
Statement of Net Position
As of June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 3,041,504	\$ 2,386,902	\$ 323,815	\$ 311,362	\$ 3,365,319	\$ 2,698,264
Capital Assets	<u>14,909,859</u>	<u>13,307,648</u>	<u>43,664</u>	<u>44,089</u>	<u>14,953,523</u>	<u>13,351,737</u>
Total Assets	<u>17,951,363</u>	<u>15,694,550</u>	<u>367,479</u>	<u>355,451</u>	<u>18,318,842</u>	<u>16,050,001</u>
Current Liabilities	1,836,630	1,356,640	66,126	37,914	1,902,756	1,394,554
Non-Current Liabilities	<u>1,171,521</u>	<u>1,094,759</u>	<u>-</u>	<u>-</u>	<u>1,171,521</u>	<u>1,094,759</u>
Total Liabilities	<u>3,008,151</u>	<u>2,451,399</u>	<u>66,126</u>	<u>37,914</u>	<u>3,074,277</u>	<u>2,489,313</u>
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>4,321</u>	<u>3,125</u>	<u>4,321</u>
Total Liabilities and Deferred Inflow of Resources	<u>3,008,151</u>	<u>2,451,399</u>	<u>69,251</u>	<u>42,235</u>	<u>3,077,402</u>	<u>2,493,634</u>
Net Position:						
Net Investment in capital assets	14,909,859	13,307,648	43,664	44,089	14,953,523	13,351,737
Restricted	701,829	701,721	-	-	701,829	701,721
Unrestricted	<u>(668,476)</u>	<u>(766,218)</u>	<u>254,564</u>	<u>269,127</u>	<u>(413,912)</u>	<u>(497,091)</u>
Total Net Position	<u>\$ 14,943,212</u>	<u>\$ 13,243,151</u>	<u>\$ 298,228</u>	<u>\$ 313,216</u>	<u>\$ 15,241,440</u>	<u>\$ 13,556,367</u>

Governmental activities. Governmental activities increased the District's net position by \$1,700,061. Key elements of this increase are as follows: (see Table A-3)

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program Revenues						
Charges for Services	\$ 705,289	\$ 131,180	\$ 442,592	\$ 434,862	\$ 1,147,881	\$ 566,042
Operating Grants and Contributions	10,955,632	8,779,692	1,013,305	1,027,347	11,968,937	9,807,039
General Revenues						
Property Taxes	26,040,588	25,529,988			26,040,588	25,529,988
State and Federal Aid - Unrestricted	18,495,504	18,633,587			18,495,504	18,633,587
Capital Grants & Contributions	32,377	-			32,377	-
Other	245,940	711,333	-	-	245,940	711,333
Total Revenues	<u>56,475,330</u>	<u>53,785,780</u>	<u>1,455,897</u>	<u>1,462,209</u>	<u>57,931,227</u>	<u>55,247,989</u>
Expenses						
Instruction						
Regular	23,050,123	23,276,436			23,050,123	23,276,436
Special Education	9,299,964	9,425,597			9,299,964	9,425,597
Other Instruction	1,509,337	1,326,175			1,509,337	1,326,175
School Sponsored Activities and Ath.	699,647	727,611			699,647	727,611
Support Services						
Student and Instruction Related Serv.	6,626,499	5,182,761			6,626,499	5,182,761
Attendance and Social Work	15,010	15,914			15,010	15,914
Educational Media/School Library	864,168	808,189			864,168	808,189
General Administrative Services	1,095,179	1,086,487			1,095,179	1,086,487
School Administrative Services	3,559,103	3,347,762			3,559,103	3,347,762
Plant Operations and Maintenance	5,744,786	6,090,794			5,744,786	6,090,794
Pupil Transportation	1,325,267	1,299,276			1,325,267	1,299,276
Central Services and Info. Technology	986,186	942,254			986,186	942,254
Food Services	-	-	1,470,885	1,410,289	1,470,885	1,410,289
Total Expenses	<u>54,775,269</u>	<u>53,529,256</u>	<u>1,470,885</u>	<u>1,410,289</u>	<u>56,246,154</u>	<u>54,939,545</u>
Change in Net Position	1,700,061	256,524	(14,988)	51,920	1,685,073	308,444
Net Position, Beginning of Year	<u>13,243,151</u>	<u>12,986,627</u>	<u>313,216</u>	<u>261,296</u>	<u>13,556,367</u>	<u>13,247,923</u>
Net Position, End of Year	<u>\$ 14,943,212</u>	<u>\$ 13,243,151</u>	<u>\$ 298,228</u>	<u>\$ 313,216</u>	<u>\$ 15,241,440</u>	<u>\$ 13,556,367</u>

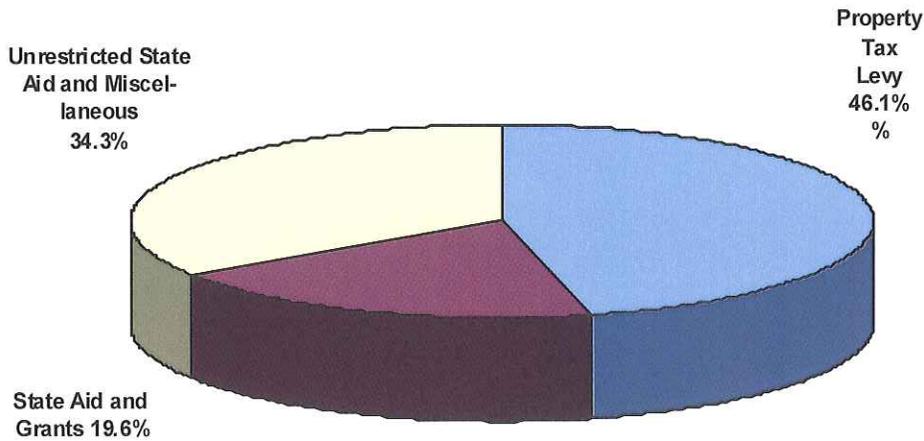
**HILLSIDE BOARD OF EDUCATION
HILLSIDE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

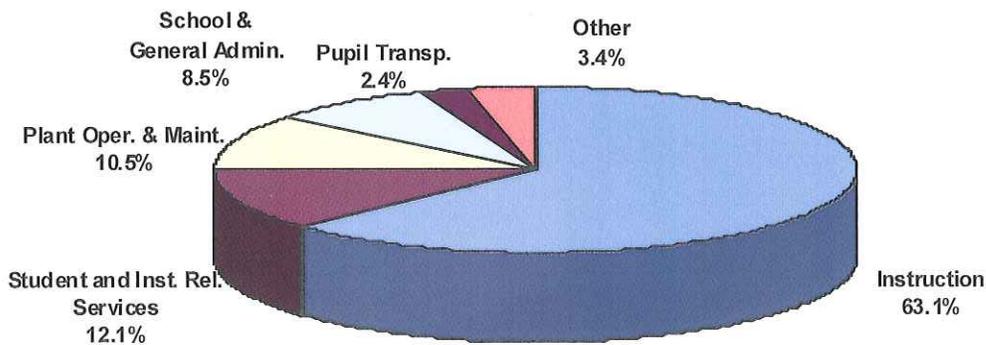
Governmental activities. The District's total governmental revenues were \$56,475,330. The local share of the revenues, that included property taxes, interest, unrestricted state aid, loss on disposal of capital assets, insurance proceeds utilized to purchase capital assets and miscellaneous revenue, amounted to \$44,814,409, or 79% of total revenues. Funding from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$11,660,921 or 21%. (See Table A-3).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$34,559,071 (63%), student support services totaled \$20,216,198 (37%). (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2013



Expenditures by Type- Governmental Activities
For Fiscal Year 2013



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 23,050,123	\$ 23,276,436	\$ 19,540,404	\$ 20,221,122
Special Education	9,299,964	9,425,597	4,898,238	6,024,824
Other Instruction	1,509,337	1,326,175	735,369	662,907
School Sponsored Activities and Athletics	699,647	727,611	699,647	694,499
Support Services				
Student and Instruction Related Svcs.	6,626,499	5,182,761	4,971,942	3,854,673
Attendance and Social Work	15,010	15,914	15,010	15,914
Educational Media/School Library	864,168	808,189	793,814	753,453
General Administrative Services	1,095,179	1,086,487	1,033,258	1,056,578
School Administrative Services	3,559,103	3,347,762	3,167,971	3,053,128
Plant Operations and Maintenance	5,744,786	6,090,794	5,087,345	6,090,794
Pupil Transportation	1,325,267	1,299,276	1,217,946	1,299,276
Central Services	986,186	942,254	921,027	891,216
Total Governmental Activities	\$ 54,775,269	\$ 53,529,256	\$ 43,081,971	\$ 44,618,384

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$1,470,885. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-3). The operations resulted in a net loss of \$14,988.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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 \$1,204,874. At June 30, 2012, the fund balance was \$1,030,262.

The District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$56,388,847 and expenditures were \$56,214,235.

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 fund revenues for the fiscal years ended June 30, 2013 and 2012.

Revenues

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Change</u>
Local Sources	\$ 26,962,492	\$ 26,384,528	\$ 577,964	2.19%
State Sources	27,472,900	25,283,438	2,189,462	8.66%
Federal Sources	<u>1,953,455</u>	<u>2,117,814</u>	<u>(164,359)</u>	-7.76%
 Total Revenues	 <u>\$ 56,388,847</u>	 <u>\$ 53,785,780</u>	 <u>\$ 2,603,067</u>	 4.84%

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal years ended June 30, 2013 and 2012.

Expenditures

	<u>Years Ended</u>		<u>Amount of</u>	<u>Amount of</u>
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Change</u>
Current				
Instruction	\$ 33,963,563	\$ 34,236,518	\$ (272,955)	-0.80%
Undistributed Expenditures	19,893,820	18,529,933	1,363,887	7.36%
Capital Outlay	<u>2,356,852</u>	<u>123,583</u>	<u>2,233,269</u>	1807.10%
 Total Expenditures	 <u>\$ 56,214,235</u>	 <u>\$ 52,890,034</u>	 <u>\$ 3,324,201</u>	 6.29%

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).

The most significant, out-of-the-ordinary budget considerations, both in revenues and appropriations, are noted below:

- The ongoing operation of the program run by Innovative Education Programs, LLC, now known as "The Hillside Academy", provides special education services to both in-district and out-of-district tuition students has reaped for the district a combined positive inflow of cash and cost savings of approximately \$807,890 for the 12-month program in 2012-13. This endeavor continues to allow the district to provide education for more students in-district - in the least restrictive environment - while reducing the tax burden and directing more financial resources into the classroom.
- Once again, the district secured e-rate (Universal Services Fund monies) funding resulting in a total of \$201,864 of offsetting revenues to support basic telecommunications and new technology resources, as applicable.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Capital Assets. At the end of the fiscal years 2013 and 2012, 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>2013</u>	<u>2012</u>
Construction in Progress	\$ 27,908	
Buildings and Building Improvements	20,464,897	\$ 18,934,885
Machinery and Equipment	<u>4,486,591</u>	<u>3,634,999</u>
 Total	 24,979,396	 22,569,884
 Less: Accumulated Depreciation	 <u>10,069,537</u>	 <u>9,262,236</u>
 Total	 <u>\$ 14,909,859</u>	 <u>\$ 13,307,648</u>

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

Debt Administration. As of June 30, 2013 and 2012 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>2013</u>	<u>2012</u>
Compensated Absences Payable	\$ <u>1,171,521</u>	\$ <u>1,094,759</u>
 Total	 <u>\$ 1,171,521</u>	 <u>\$ 1,094,759</u>

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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 defeated budgets in five of the last ten years the overall financial condition of the District has continued to improve during this time period. (Note that the Board of Education changed the budget vote to November and for the 2013-14 budget but 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 and facility maintenance and improvement needs while responding to the local, state and national economic pressures.

The staff, administration and board continually work 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 pride, confidence and enthusiasm that we look to past accomplishments and future opportunities. In the spring of 2011, the NJQSAC (New Jersey Quality Single Accountability Continuum) monitoring process identified the Hillside School District as "high performing". Our accomplishments both financially and programmatically will have a long-term effect on the schools and community at-large.

During the 2012-13 fiscal year we continued to upgrade a number of areas in and around the schools and administration building, all through the use of the current-year budget. These included extensive window and door work, floor tile replacement, concrete replacement and tile floor encapsulation. Additional significant capital projects were completed during the summer of 2013 including electrical service upgrades at Walter O. Krumbiegel Middle School, the AP Morris Early Childhood Center as well as a new gym floor and heating/ventilation system at AP Morris Early Childhood Center.

The board has also entered into a series of agreements with PSE&G under their "direct install" program to upgrade lighting and install occupancy sensors to reduce energy consumption. The board will pay only 20% of the cost of the installation and keep the savings in energy consumed over the life of the new equipment.

Significant concerns remain regarding facilities that have long been neglected due to numerous budget defeats and related limitations. Major renovations including at Hillside High School the renovation of the gymnasium and auditorium, vestibules at all the district schools for enhanced security as well as roadway cut outs at certain schools to allow for bus de-boarding and boarding of students are projects sent to Trenton for consideration under the ROD IV funding program.

All these projects will qualify for some measure of state aid under a Regular Operating District (R.O.D. IV) grant to the degree it is available. Such capital investments will also impact our financial position. To-date we have committed substantial funds to architectural and engineering services and, because the Hillside Public School District is in the enviable position of being debt-free, it will be possible to incur the costs of the above projects without an inordinate impact on local taxes. In the 2011-12 budget process the board of education, did commit additional funding in the amount of approximately \$650,000 to its Capital Reserve account from savings realized in closing the leased A.P. Morris ECC 2nd Grade Annex. This money, along with a combination of general funds and possibly some long term financing will enable to district to accomplish some much-needed improvements to its physical plant.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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:

Kenneth R. Weinheimer,
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, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,155,014	\$ 228,532	\$ 2,383,546
Receivables, net			
Receivables from Other Governments	862,567	75,766	938,333
Other	23,923	5,614	29,537
Inventory		13,903	13,903
Capital Assets, net:			
Not Being Depreciated	27,908		27,908
Being Depreciated	<u>14,881,951</u>	<u>43,664</u>	<u>14,925,615</u>
Total Assets	<u>17,951,363</u>	<u>367,479</u>	<u>18,318,842</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,244,919	63,770	1,308,689
Unearned Revenue	591,711	2,356	594,067
Noncurrent Liabilities			
Due beyond one year	<u>1,171,521</u>	<u>-</u>	<u>1,171,521</u>
Total Liabilities	<u>3,008,151</u>	<u>66,126</u>	<u>3,074,277</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>3,125</u>	<u>3,125</u>
Total Liabilities and Deferred Inflow of Resou	<u>3,008,151</u>	<u>69,251</u>	<u>3,077,402</u>
NET POSITION			
Net Investment in Capital Assets	14,909,859	43,664	14,953,523
Restricted for:			
Capital Projects	701,829		701,829
Unrestricted	<u>(668,476)</u>	<u>254,564</u>	<u>(413,912)</u>
Total Net Position	<u>\$ 14,943,212</u>	<u>\$ 298,228</u>	<u>\$15,241,440</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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 23,050,123	\$ 96,816	\$ 3,477,342	\$ 32,377	\$ (19,540,404)	\$ -	\$ (19,540,404)
Special Education	9,299,964	93,710	4,308,016	-	(4,898,238)	-	(4,898,238)
Other Instruction	1,509,337	-	773,968	-	(735,369)	-	(735,369)
School Sponsored Activities and Athletics	699,647	-	-	-	(699,647)	-	(699,647)
Support Services:							
Student & Instruction Related Services	6,626,499	96,816	1,557,741	-	(4,971,942)	-	(4,971,942)
Attendance and Social Work	15,010	-	-	-	(15,010)	-	(15,010)
Educational Media/School Library	864,168	-	70,354	-	(793,814)	-	(793,814)
School Administrative Services	3,559,103	-	391,132	-	(3,167,971)	-	(3,167,971)
General Administrative Services	1,095,179	20,231	41,690	-	(1,033,258)	-	(1,033,258)
Plant Operations and Maintenance	5,744,786	479,532	177,909	-	(5,087,345)	-	(5,087,345)
Pupil Transportation	1,325,267	15,000	92,321	-	(1,217,946)	-	(1,217,946)
Central Services and Information Technology	986,186	-	65,159	-	(921,027)	-	(921,027)
Total Governmental Activities	54,775,269	705,289	10,955,632	32,377	(43,081,971)	-	(43,081,971)
Business-Type Activities:							
Food Service	1,470,885	442,592	1,013,305	-	-	\$ (14,988)	(14,988)
Total Business-Type Activities	1,470,885	442,592	1,013,305	-	-	(14,988)	(14,988)
Total Primary Government	\$ 56,246,154	\$ 1,147,881	\$ 11,968,937	\$ 32,377	(43,081,971)	(14,988)	(43,096,959)
General Revenues:							
Property Taxes, levied for general purposes, net					26,040,588		26,040,588
State and Federal Aid - Unrestricted					18,495,504		18,495,504
Loss on Disposal of Capital Assets					(6,165)		(6,165)
Insurance Proceeds Utilized to Purchase Capital Assets					92,648		92,648
Miscellaneous Income					159,457		159,457
Total General Revenues					44,782,032		44,782,032
Change in Net Position					1,700,061	(14,988)	1,685,073
Net Position—Beginning of Year					13,243,151	313,216	13,556,367
Net Position—End of Year					\$ 14,943,212	\$ 298,228	\$ 15,241,440

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, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,155,014			\$ 2,155,014
Receivables From Other Governments	82,938	\$ 779,629		862,567
Due from Other Funds	124,410	-		124,410
Other Receivables	-	23,923	-	23,923
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,362,362	\$ 803,552	\$ -	\$ 3,165,914
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 1,054,282	\$ 58,528		\$ 1,112,810
Due to Other Funds		124,410		124,410
Intergovernmental Accounts Payable		132,109		132,109
Deferred Revenue	-	591,711	-	591,711
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	1,054,282	906,758	-	1,961,040
Fund Balances:				
Restricted				
Capital Reserve	701,829			701,829
Assigned				
Encumbrances	1,703,163			1,703,163
Designated for Subsequent Year's Expenditures	39,072			39,072
Unassigned				
General Fund	(1,135,984)			(1,135,984)
Special Revenue Fund	-	(103,206)	-	(103,206)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	1,308,080	(103,206)	-	1,204,874
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 2,362,362	\$ 803,552	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 24,979,396 and the accumulated depreciation is \$ 10,069,537.

14,909,859

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:

Compensated Absences

(1,171,521)

Net position of governmental activities (Exhibit A-1)

\$ 14,943,212

HILLSIDE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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	\$ 26,040,588			\$ 26,040,588
Tuition	93,710			93,710
Miscellaneous	771,036	\$ 57,158	-	828,194
Total - Local Sources	26,905,334	57,158	-	26,962,492
State Sources	26,431,669	1,041,231		27,472,900
Federal Sources	181,682	1,771,773	-	1,953,455
Total Revenues	53,518,685	2,870,162	-	56,388,847
EXPENDITURES				
Current:				
Regular Instruction	21,558,750	1,001,139		22,559,889
Special Education Instruction	8,350,676	871,028		9,221,704
Other Instruction	928,434	566,647		1,495,081
School Sponsored Activities and Athletics	686,889			686,889
Support Services and Undistributed Costs:				
Student & Instruction Related Services	5,658,172	859,463		6,517,635
Attendance and Social Work	14,676			14,676
Educational Media/School Library	846,113			846,113
School Administrative Services	3,488,786			3,488,786
General Administrative Services	1,083,309			1,083,309
Plant Operations and Maintenance	5,658,595			5,658,595
Pupil Transportation	1,317,886			1,317,886
Central Services and Information Technology	966,820			966,820
Capital Outlay	2,324,475	32,377	-	2,356,852
Total Expenditures	52,883,581	3,330,654	-	56,214,235
Excess (Deficiency) of Revenues Over (Under) Expenditures	635,104	(460,492)	-	174,612
OTHER FINANCING SOURCES (USES)				
Transfers In	6,384	436,527		442,911
Transfers Out	(436,527)	-	\$ (6,384)	(442,911)
Total Other Financing Sources and (Uses)	(430,143)	436,527	(6,384)	-
Net Change in Fund Balances	204,961	(23,965)	(6,384)	174,612
Fund Balance , Beginning of Year	1,103,119	(79,241)	6,384	1,030,262
Fund Balance, End of Year	\$ 1,308,080	\$ (103,206)	\$ -	\$ 1,204,874

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, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 174,612**

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 exceeds depreciation.

Capital Outlay	\$ 2,356,852		
Less: Loss on Disposal of Capital Assets	(6,165)		
Add: Insurance Proceeds	<u>92,648</u>		
	\$ 2,443,335		
Depreciation Expense	<u>(841,124)</u>		1,602,211

In the statement of activities, certain operating expenses - compensated absences 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):

Compensated Absences	<u>(76,762)</u>
----------------------	-----------------

Change in net position of governmental activities (Exhibit A-2) **\$ 1,700,061**

**HILLSIDE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash	\$ 228,532
Intergovernmental Receivable	
State	2,428
Federal	73,338
Other Accounts Receivable	5,614
Inventories	<u>13,903</u>
Total Current Assets	<u>323,815</u>
Capital Assets	
Equipment	359,219
Less: Accumulated Depreciation	<u>(315,555)</u>
Total Capital Assets, Net	<u>43,664</u>
Total Assets	<u>367,479</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	63,770
Unearned Revenue	<u>2,356</u>
Total Current Liabilities	<u>66,126</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>3,125</u>
Total Liabilities and Deferred Inflow of Resources	<u>69,251</u>
NET POSITION	
Net Investment in Capital Assets	43,664
Unrestricted	<u>254,564</u>
Total Net Position	<u>\$ 298,228</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, 2013**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 392,689
Special Functions	49,019
Miscellaneous	884
	442,592
Total Operating Revenues	442,592
OPERATING EXPENSES	
Salaries and Employee Benefits	562,262
Cost of Sales	811,462
Depreciation	9,614
Other Purchased Services	24,004
Supplies and Materials	63,543
	1,470,885
Total Operating Expenses	1,470,885
Operating (Loss)	(1,028,293)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	17,603
Federal Sources	
School Breakfast Program	129,694
National School Lunch Program	830,805
After School Snack Program	22,258
Fresh Fruit and Vegetable Program	12,945
	1,013,305
Total Nonoperating Revenues	1,013,305
Change in Net Position	(14,988)
Total Net Position - Beginning of Year	313,216
Total Net Position - End of Year	\$ 298,228

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, 2013**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 436,978
Cash Payments for Employees' Salaries and Benefits	(562,262)
Cash Payments to Suppliers for Goods and Services	<u>(770,948)</u>
Net Cash (Used) by Operating Activities	<u>(896,232)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,002,137</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,002,137</u>
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	<u>(9,189)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(9,189)</u>
Net Increase in Cash and Cash Equivalents	96,716
Cash and Cash Equivalents, Beginning of Year	<u>131,816</u>
Cash and Cash Equivalents, End of Year	<u>\$ 228,532</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating (Loss)	<u>\$ (1,028,293)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	9,614
Non Cash Federal Assistance-Food Distribution Program	94,487
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	25,854
Increase/(Decrease) in Deferred Commodities Revenue	1,160
(Increase)/Decrease in Accounts Receivable	(5,614)
(Increase)/Decrease in Inventory	<u>6,560</u>
Total Adjustments	<u>132,061</u>
Net Cash (Used) by Operating Activities	<u>\$ (896,232)</u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 94,487

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, 2013**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 313,184	\$ 2,576	\$ 352,057
Total Assets	<u>313,184</u>	<u>2,576</u>	<u>\$ 352,057</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 256,707
Intergovernmental Accounts Payable	6,068		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>95,350</u>
Total Liabilities	<u>6,068</u>	<u>-</u>	<u>\$ 352,057</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 307,116</u>	<u>\$ 2,576</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, 2013**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Donations		\$ 200
District	\$ 125,000	
Employee	<u>43,461</u>	<u>-</u>
Investment Earnings		
Interest	<u>-</u>	<u>3</u>
Total Additions	<u>168,461</u>	<u>203</u>
DEDUCTIONS		
Unemployment Claims	<u>113,594</u>	<u>-</u>
Total Deductions	<u>113,594</u>	<u>-</u>
Change in Net Position	54,867	203
Net Position, Beginning of Year	<u>252,249</u>	<u>2,373</u>
Net Position, End of Year	<u>\$ 307,116</u>	<u>\$ 2,576</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, 2013**

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 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

The basic 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.

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.

HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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 fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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".

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, 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

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 estimated fair market 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

Costs of assets damaged by Hurricane Sandy were reduced by the impairment and the adjusted cost depreciated over the assets remaining useful life

HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It 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 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. 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.

8. 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.

HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

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.

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.)

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 – Represents outstanding purchase orders 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 2013/2014 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.

9. Reclassifications

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

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 revenue is 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 2011-2012 and 2012-2013 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 Non-Operating 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.

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.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information (Continued)

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 2012/2013. During 2012/2013 the Board increased the original budget by \$2,561,276. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the District authorized and approved additional fund balance appropriations of \$591,441 from the general fund.

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.

B. Deficit Fund Equity

The District has an unassigned (deficit) fund balance of \$1,135,984 in the General Fund and \$103,206 in the Special Revenue Fund as of June 30, 2013 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 2012/2013 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits does 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 balance 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 \$1,135,984 in the General Fund and \$103,206 in the Special Revenue Fund are equal to or less than the delayed state aid payments.

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Beginning balance	\$ 695,337
Return of Unexpanded Capital Project Balance	6,384
Interest earnings	<u>108</u>
Ending balance	<u>\$ 701,829</u>

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), 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.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$3,051,363 and bank and brokerage firm balances of the Board's deposits amounted to \$4,235,646. The Board's deposits which are displayed on the various fund balance sheets and statement of net position as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 4,235,646</u>
---------	---------------------

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits

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, 2013 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, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2013 for the district’s individual major 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>Total</u>
Receivables:				
Accounts		\$ 23,923	\$ 5,614	\$ 29,537
Intergovernmental	\$ 82,938	779,629	75,766	938,333
Gross Receivables	82,938	803,552	81,380	967,870
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 82,938</u>	<u>\$ 803,552</u>	<u>\$ 81,380</u>	<u>\$ 967,870</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:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 495,728
Grant Draw Downs Reserved for Encumbrances	<u>95,983</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 591,711</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in Progress	-	\$ 27,908	-	\$ 27,908
Total capital assets, not being depreciated	-	27,908	-	27,908
Capital assets, being depreciated:				
Buildings and Building Improvements	\$ 18,934,885	1,530,012		20,464,897
Machinery and Equipment	3,634,999	891,580	\$ (39,988)	4,486,591
Total capital assets being depreciated	22,569,884	2,421,592	(39,988)	24,951,488
Less accumulated depreciation for:				
Buildings and Building Improvements	(7,002,923)	(477,452)		(7,480,375)
Machinery and Equipment	(2,259,313)	(363,672)	33,823	(2,589,162)
Total accumulated depreciation	(9,262,236)	(841,124)	33,823	(10,069,537)
Total capital assets, being depreciated, net	13,307,648	1,580,468	(6,165)	14,881,951
Governmental activities capital assets, net	\$ 13,307,648	\$ 1,608,376	\$ (6,165)	\$ 14,909,859
Business-type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 350,030	\$ 9,189	-	\$ 359,219
Total capital assets being depreciated	350,030	9,189	-	359,219
Less accumulated depreciation for:				
Machinery and Equipment	(305,941)	(9,614)	-	(315,555)
Total accumulated depreciation	(305,941)	(9,614)	-	(315,555)
Total capital assets, being depreciated, net	44,089	(425)	-	43,664
Business-type activities capital assets, net	\$ 44,089	\$ (425)	\$ -	\$ 43,664

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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	\$ 413,472
Special	78,260
Other	14,256
School Sponsored/Other Instructional	<u>12,758</u>
Total Instruction	<u>518,746</u>
Support Services	
Student and Instruction Related Services	108,864
Attendance	334
Educational Media School Library	18,055
General Administration	11,870
School Administration	70,317
Operation and Plant Maintenance	86,191
Student Transportation	7,381
Central and Other Support Services	<u>19,366</u>
Total Support Services	<u>322,378</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 841,124</u>
Business-type activities:	
Food Service Fund	<u>\$ 9,614</u>

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2013:

<u>Project</u>	<u>Remaining Commitment</u>
Supply and Install Lockers	\$ 70,520
Roof Replacement	70,018
Supply and Install Windows	344,420
Gym Floor Replacement & Door Upgrade at AP Morris	115,778
Electrical System Upgrades	<u>126,345</u>
Total	<u>\$ 727,081</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 124,410</u>
Total		<u>\$ 124,410</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	Transfer In:		
	Special Revenue Fund	General Fund	Total
Transfer Out:			
Capital Projects		\$ 6,384	\$ 6,384
General Fund	\$ 436,527	-	436,527
 Total	<u>\$ 436,527</u>	<u>\$ 6,384</u>	<u>\$ 442,911</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. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 73,847,923
Less: Net Debt	-
 Remaining Borrowing Power	<u>\$ 73,847,923</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Due Within One Year
Governmental activities:					
Compensated absences	\$ 1,094,759	\$ 76,762	\$ -	\$ 1,171,521	\$ -
Governmental activity					
Long-term liabilities	<u>\$ 1,094,759</u>	<u>\$ 76,762</u>	<u>\$ -</u>	<u>\$ 1,171,521</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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:

Year Ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013	\$ 125,000	\$ 43,461	\$ 113,594	\$ 307,116
2012	123,932	43,334	162,739	252,249
2011	215,763	42,647	208,988	247,722

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, 2013, 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

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

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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 and are considered in the annual actuarial calculation of the required State contribution for the system.

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, 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.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

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

**HILLSIDE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2013, 2012 and 2011 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>
2013	\$ 584,184	\$ 1,491,447
2012	593,340	720,946
2011	571,388	67,025

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

The State contributed \$1,491,447 and \$720,946 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$67,025 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,650,548 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2013, 2012 and 2011 were \$1,686,451, \$1,449,290 and \$1,423,620, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

F. Hurricane Sandy

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The District has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the District has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of June 30, 2013. As of June 30, 2013, the District has received \$17,471 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

BUDGETARY COMPARISON SCHEDULES

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 26,040,588	-	\$ 26,040,588	\$ 26,040,588	-
Tuition	97,953	-	97,953	93,710	\$ (4,243)
Miscellaneous	703,688	-	703,688	771,036	67,348
Total Local Sources	<u>26,842,229</u>	<u>-</u>	<u>26,842,229</u>	<u>26,905,334</u>	<u>63,105</u>
State Sources					
Equalization Aid	19,021,554	-	19,021,554	19,021,554	-
Special Education Aid	1,793,269	-	1,793,269	1,793,269	-
Transportation Aid	102,431	-	102,431	102,431	-
Security Aid	197,391	-	197,391	197,391	-
Extraordinary Special Education Costs Aid	-	-	-	593,477	593,477
TPAF Pension and Annuity Fund- Post Ret.Medical (Non-Budget)	-	-	-	1,686,451	1,686,451
TPAF Pension and Annuity Fund (Non-Budget Normal Cost	-	-	-	1,416,899	1,416,899
NCGI Premium	-	-	-	74,548	74,548
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,650,548	1,650,548
Total State Sources	<u>21,114,645</u>	<u>-</u>	<u>21,114,645</u>	<u>26,536,568</u>	<u>5,421,923</u>
Federal Sources					
Education Jobs Fund	130,000	-	130,000	104,933	(25,067)
Medicaid Reimbursement	48,000	-	48,000	76,749	28,749
Total Federal Sources	<u>178,000</u>	<u>-</u>	<u>178,000</u>	<u>181,682</u>	<u>3,682</u>
Total Revenues	<u>48,134,874</u>	<u>-</u>	<u>48,134,874</u>	<u>53,623,584</u>	<u>5,488,710</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	640,384	\$ (41,792)	598,592	598,590	2
Grades 1-5	5,383,465	(288,859)	5,094,606	5,094,603	3
Grades 6-8	3,348,841	(301,766)	3,047,075	3,047,074	1
Grades 9-12	4,980,405	(331,893)	4,648,512	4,648,511	1
Home Instruction	15,000	(585)	14,415	14,415	-
Purchased Professional-Educational Services	5,500	10,183	15,683	15,683	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	48,565	3,395	51,960	51,960	-
Other Purchased Services	157,523	25,606	183,129	152,484	30,645
General Supplies	520,055	286,734	806,789	658,650	148,139
Textbooks	289,878	180,731	470,609	296,347	174,262
Other Objects	3,700	517	4,217	4,195	22
Total Regular Programs	<u>15,393,316</u>	<u>(457,729)</u>	<u>14,935,587</u>	<u>14,582,512</u>	<u>353,075</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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					
Cognitive Mild					
Salaries of Teachers	\$ 50,975	\$ (50,975)	-	-	-
Total Cognitive Mild	<u>50,975</u>	<u>(50,975)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Learning and/or Language Disabilities					
Salaries of Teachers	-	50,775	\$ 50,775	\$ 50,775	-
Other Salaries for Instruction	-	22,058	22,058	22,057	\$ 1
General Supplies	1,000	(1,000)	-	-	-
Total Learning and/or Language Disabilities	<u>1,000</u>	<u>71,833</u>	<u>72,833</u>	<u>72,832</u>	<u>1</u>
Multiple Disabilities					
Salaries of Teachers	106,050	(51,675)	54,375	54,375	-
Other Salaries for Instruction	37,500	17,203	54,703	54,703	-
General Supplies	5,000	(2,984)	2,016	1,097	919
Total Multiple Disabilities	<u>148,550</u>	<u>(37,456)</u>	<u>111,094</u>	<u>110,175</u>	<u>919</u>
Resource Room/Resource Center					
Salaries of Teachers	2,067,258	6,380	2,073,638	2,073,637	1
Other Salaries for Instruction	73,500	(29,291)	44,209	44,208	1
General Supplies	6,000	5,837	11,837	5,659	6,178
Textbooks	450	523	973	973	-
Total Resource Room/Resource Center	<u>2,147,208</u>	<u>(16,551)</u>	<u>2,130,657</u>	<u>2,124,477</u>	<u>6,180</u>
Autistic					
Salaries of Teachers	101,550	-	101,550	101,550	-
Other Salaries for Instruction	108,200	(22,422)	85,778	85,778	-
General Supplies	-	764	764	464	300
Total Autistic	<u>209,750</u>	<u>(21,658)</u>	<u>188,092</u>	<u>187,792</u>	<u>300</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	50,975	-	50,975	50,975	-
Other Salaries for Instruction	14,000	20,067	34,067	34,066	1
General Supplies	1,600	(865)	735	434	301
Total Preschool Disabilities - Full - Time	<u>66,575</u>	<u>19,202</u>	<u>85,777</u>	<u>85,475</u>	<u>302</u>
Home Instruction					
Salaries of Teachers	8,500	188	8,688	8,688	-
Purchased Professional/Educational Services	4,000	(1,312)	2,688	2,688	-
Total Home Instruction	<u>12,500</u>	<u>(1,124)</u>	<u>11,376</u>	<u>11,376</u>	<u>-</u>
Total Special Education	<u>2,636,558</u>	<u>(36,729)</u>	<u>2,599,829</u>	<u>2,592,127</u>	<u>7,702</u>
Bilingual Education					
Salaries of Teachers	470,587	(4,900)	465,687	465,687	-
General Supplies	1,900	4,365	6,265	4,509	1,756
Total Bilingual Education	<u>472,487</u>	<u>(535)</u>	<u>471,952</u>	<u>470,196</u>	<u>1,756</u>

**HILLSDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 137,802	\$ (5,248)	\$ 132,554	\$ 132,554	-
Other Salaries for Instruction	1,500	3,510	5,010	5,009	\$ 1
Miscellaneous Purchased Services	-	1,200	1,200	1,200	-
Supplies and Materials	2,000	1,353	3,353	3,303	50
Total School Sponsored Co-Curricular Activities	<u>141,302</u>	<u>815</u>	<u>142,117</u>	<u>142,066</u>	<u>51</u>
School Sponsored Athletics					
Salaries	282,087	(18,203)	263,884	263,884	-
Other Salaries	7,300	11,976	19,276	19,275	1
Other Purchased Professional & Technical Services	28,743	2,477	31,220	31,220	-
Clean, Repair and Maintenance Services	12,000	1,875	13,875	11,114	2,761
Rentals, Copiers Etc.	500	892	1,392	1,392	-
Travel	550	(391)	159	115	44
Miscellaneous Purchased Services	300	(300)	-	-	-
Supplies and Materials	61,000	36,410	97,410	58,272	39,138
Other Objects	18,750	1,647	20,397	20,397	-
Total School Sponsored Athletics	<u>411,230</u>	<u>36,383</u>	<u>447,613</u>	<u>405,669</u>	<u>41,944</u>
Before/After School Programs					
Other Salaries for Instruction	4,200	3,000	7,200	7,134	66
Salaries Teacher Tutors	57,950	677	58,627	58,500	127
Total Before/After School Programs	<u>62,150</u>	<u>3,677</u>	<u>65,827</u>	<u>65,634</u>	<u>193</u>
Summer School					
Salaries of Teachers	200,704	(11,101)	189,603	166,446	23,157
Total Summer School	<u>200,704</u>	<u>(11,101)</u>	<u>189,603</u>	<u>166,446</u>	<u>23,157</u>
Community Service Programs					
Salaries	300	4,200	4,500	4,451	49
Total Community Service Programs	<u>300</u>	<u>4,200</u>	<u>4,500</u>	<u>4,451</u>	<u>49</u>
Total Instruction	<u>19,318,047</u>	<u>(461,019)</u>	<u>18,857,028</u>	<u>18,429,101</u>	<u>427,927</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	60,000	-	60,000	60,000	-
Tuition to Other LEAs Within the State- Special	1,552,023	(218,509)	1,333,514	1,333,514	-
Tuition to County Voc. School Dist.-Regular	299,000	750	299,750	299,750	-
Tuition to County Voc. School Dist.- Special	92,000	(35,750)	56,250	56,250	-
Tuition to CSSD & Reg. Day Schools	52,906	(5,900)	47,006	47,006	-
Tuition to Priv. Sch. For the Disabled W/I State	3,030,449	(86,941)	2,943,508	2,943,507	1
Tuition to Priv. Sch. For the Disabled Out of State	99,528	(550)	98,978	98,977	1
Tuition- State Facilities	65,253	28,982	94,235	94,235	-
Total Undistributed Expenditures - Instruction	<u>5,251,159</u>	<u>(317,918)</u>	<u>4,933,241</u>	<u>4,933,239</u>	<u>2</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 11,130	\$ (102)	\$ 11,028	\$ 11,028	-
Total Attendance and Social Work	<u>11,130</u>	<u>(102)</u>	<u>11,028</u>	<u>11,028</u>	<u>-</u>
Health Services					
Salaries	582,521	136,141	718,662	718,661	\$ 1
Purchased Professional & Technical Services	24,000	-	24,000	24,000	-
Other Purchased Services	2,760	(1,096)	1,664	1,662	2
Supplies and Materials	11,350	4,786	16,136	9,891	6,245
Total Health Services	<u>620,631</u>	<u>139,831</u>	<u>760,462</u>	<u>754,214</u>	<u>6,248</u>
Speech, OT, PT and Related Services					
Salaries	214,344	(6,389)	207,955	207,955	-
Purchased Professional/Educational Services	31,100	(5,300)	25,800	25,800	-
Supplies and Materials	800	189	989	493	496
Total Speech, OT, PT and Related Services	<u>246,244</u>	<u>(11,500)</u>	<u>234,744</u>	<u>234,248</u>	<u>496</u>
Other Support Serv. Students - Extra.					
Salaries	98,600	(49,497)	49,103	49,102	1
Purchased Professional/Educational Services	250,000	45,013	295,013	295,012	1
Total Other Supp.Serv. Student - Related Serv.	<u>348,600</u>	<u>(4,484)</u>	<u>344,116</u>	<u>344,114</u>	<u>2</u>
Guidance					
Salaries of Other Professional Staff	580,856	(2,459)	578,397	578,396	1
Salaries of Secretarial & Clerical Assistants	91,238	705	91,943	91,942	1
Purchased Professional/Educational Services	18,900	(7,303)	11,597	11,597	-
Rentals, Copiers Etc.	1,500	391	1,891	1,890	1
Other Purchased Services	1,555	(1,555)	-	-	-
Supplies and Materials	6,000	(423)	5,577	2,585	2,992
Other Objects	375	-	375	375	-
Total Guidance	<u>700,424</u>	<u>(10,644)</u>	<u>689,780</u>	<u>686,785</u>	<u>2,995</u>
Child Study Teams					
Salaries of Other Professional Staff	813,739	45,895	859,634	859,591	43
Salaries of Secretarial & Clerical Assistants	150,864	(116)	150,748	150,712	36
Purchased Professional- Educat. Services	18,900	(13,210)	5,690	5,690	-
Other Purchased Services	3,200	(1,033)	2,167	2,066	101
Supplies and Materials	4,000	5,374	9,374	9,373	1
Other Objects	2,495	(1,721)	774	773	1
Total Child Study Teams	<u>993,198</u>	<u>35,189</u>	<u>1,028,387</u>	<u>1,028,205</u>	<u>182</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 77,805	\$ 711,360	\$ 789,165	\$ 789,165	-
Salaries of Secretarial & Clerical Assist.	118,988	-	118,988	118,988	-
Other Salaries	10,000	(10,000)	-	-	-
Salaries of Facilitators, Math & Literacy Coaches	7,034	-	7,034	7,034	-
Travel	1,000	22	1,022	1,021	\$ 1
Other Purchased Services	-	4,800	4,800	4,800	-
Supplies and Materials	1,000	2,449	3,449	3,447	2
Total Improvement of Instruction Services	<u>215,827</u>	<u>708,631</u>	<u>924,458</u>	<u>924,455</u>	<u>3</u>
Educational Media/School Library					
Salaries	385,572	(423)	385,149	385,072	77
Salaries of Technology Coordinators	213,894	(3,571)	210,323	210,322	1
Rentals, Copiers Etc.	1,000	(746)	254	254	-
Supplies and Materials	12,300	(1,470)	10,830	8,462	2,368
Total Educational Media/School Library	<u>612,766</u>	<u>(6,210)</u>	<u>606,556</u>	<u>604,110</u>	<u>2,446</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	-				
Other Salaries	19,000	(479)	18,521	18,520	1
Purchased Professional/Educational Services	18,900	13,650	32,550	32,550	-
Other Purchased Services	10,400	(5,697)	4,703	4,703	-
Total Instructional Staff Training Services	<u>48,300</u>	<u>7,474</u>	<u>55,774</u>	<u>55,773</u>	<u>1</u>
Support Services General Administration					
Salaries	388,715	(1,850)	386,865	386,864	1
Other Salaries	4,590	-	4,590	4,590	-
Legal Services	60,000	24,445	84,445	84,445	-
Audit Fees	33,000	30,400	63,400	35,145	28,255
Architectural/Engineering Services	63,000	40,806	103,806	77,652	26,154
Other Purchased Professional Services	11,000	(5,775)	5,225	5,225	-
Miscellaneous Purchased Services	270,730	(17,044)	253,686	253,127	559
Supplies and Materials	9,000	7,947	16,947	14,571	2,376
BOE In-House Training/Meeting Supplies	800	528	1,328	1,327	1
Miscellaneous Expenditures	43,000	(906)	42,094	42,093	1
Total Support Services General Administration	<u>883,835</u>	<u>78,551</u>	<u>962,386</u>	<u>905,039</u>	<u>57,347</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 1,221,930	\$ 3,412	\$ 1,225,342	\$ 1,225,342	-
Salaries of Other Professional Staff	473,584	47,389	520,973	520,973	-
Salaries of Secretarial and Clerical Assistants	569,103	3,464	572,567	572,565	\$ 2
Other Purchased Services	102,800	(1,733)	101,067	100,970	97
Supplies and Materials	63,000	(8,531)	54,469	45,489	8,980
Other Objects	4,990	(469)	4,521	4,474	47
Total Support Services School Administration	<u>2,435,407</u>	<u>43,532</u>	<u>2,478,939</u>	<u>2,469,813</u>	<u>9,126</u>
Central Services					
Salaries	613,539	(3,579)	609,960	609,960	-
Purchased Technical Services	31,100	27,772	58,872	31,072	27,800
Miscellaneous Purchased Services	10,364	6,785	17,149	17,030	119
Supplies and Materials	12,495	(1,222)	11,273	10,933	340
Other Objects	4,500	256	4,756	4,756	-
Total Central Services	<u>671,998</u>	<u>30,012</u>	<u>702,010</u>	<u>673,751</u>	<u>28,259</u>
Admin. Info. Tech.					
Salaries	28,674	-	28,674	28,674	-
Purchased Technical Services	540	(485)	55	-	55
Other Purchased Services	4,900	(4,304)	596	595	1
Supplies and Materials	1,638	9,010	10,648	10,256	392
Total Admin. Info. Tech.	<u>35,752</u>	<u>4,221</u>	<u>39,973</u>	<u>39,525</u>	<u>448</u>
Required Maintenance for School Facilities					
Salaries	458,360	53	458,413	458,412	1
Cleaning, Repair and Maintenance Services	618,630	644,162	1,262,792	539,586	723,206
Miscellaneous Purchased Services	2,700	9,132	11,832	11,832	-
General Supplies	80,200	186,063	266,263	214,598	51,665
Other Objects	7,000	(3,000)	4,000	3,820	180
Total Required Maintenance for School Facilities	<u>1,166,890</u>	<u>836,410</u>	<u>2,003,300</u>	<u>1,228,248</u>	<u>775,052</u>
Custodial Services					
Salaries	1,750,606	(72,592)	1,678,014	1,677,795	219
Purchased Professional & Technical Services	13,500	(4,540)	8,960	8,880	80
Cleaning, Repair and Maintenance Services	26,000	7,224	33,224	33,208	16
Other Purchased Property Services	53,500	(971)	52,529	52,525	4
Insurance	215,977	(295)	215,682	215,682	-
Miscellaneous Purchased Services	2,000	2,895	4,895	4,800	95
General Supplies	75,000	(26,022)	48,978	46,963	2,015
Energy (Heat and Electricity)	394,050	(14,958)	379,092	378,167	925
Other Objects	7,800	(4,050)	3,750	3,730	20
Gasoline	16,000	1,790	17,790	17,790	-
Energy (Natural Gas)	256,800	(14,808)	241,992	241,978	14
Total Custodial Services	<u>2,811,233</u>	<u>(126,327)</u>	<u>2,684,906</u>	<u>2,681,518</u>	<u>3,388</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 10,000	\$ 1,180	\$ 11,180	\$ 11,180	-
Purchased Professional & Technical Services	2,000	(2,000)	-	-	-
Cleaning, Repair, and Maintenance Services	75,000	16,370	91,370	91,370	-
General Supplies	5,000	(5,000)	-	-	-
Total Care & Upkeep of Grounds	<u>92,000</u>	<u>10,550</u>	<u>102,550</u>	<u>102,550</u>	<u>-</u>
Security					
Salaries	696,155	(1,123)	695,032	694,993	\$ 39
Miscellaneous Purchased Services	4,000	183	4,183	4,183	-
General Supplies	4,000	2,982	6,982	6,982	-
Total Security	<u>704,155</u>	<u>2,042</u>	<u>706,197</u>	<u>706,158</u>	<u>39</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	34,000	(2,793)	31,207	31,207	-
Salaries for Pupil Transport (Between Home and School)- Reg.	36,626	(3,461)	33,165	33,164	1
Salaries for Pupil Transport (Between Home and School)- Spec. Ed.	143,745	(3,738)	140,007	140,007	-
Salaries for Pupil Transport (Other than Between Home & School)	45,613	(6,577)	39,036	39,035	1
Management Fee - ESC & CTSA Trans. Prog.	25,000	(4,705)	20,295	20,294	1
Other Purchased Prof. and Technical Services	400	540	940	940	-
Cleaning Repair and Maint. Serv.	20,000	(1,659)	18,341	18,340	1
Rental Payments - School Buses	500	5,620	6,120	6,120	-
Contracted Services (Between Home and School) - Vendors	323,325	(6,939)	316,386	316,385	1
Contracted Services (Other Than Between Home and School) - Vendors	70,000	(6,431)	63,569	63,569	-
Contracted Services (Special Ed. Students) - ESC's and CTSA's	550,000	(15,310)	534,690	534,690	-
Aid in Lieu Choice/Charter	5,000	1,984	6,984	6,984	-
Miscellaneous Purchased Services - Transportation	650	(490)	160	160	-
Transportation Supplies	29,745	(3,663)	26,082	26,082	-
Other Objects	400	-	400	400	-
Total Student Transportation Services	<u>1,285,004</u>	<u>(47,622)</u>	<u>1,237,382</u>	<u>1,237,377</u>	<u>5</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	524,722	(13,678)	511,044	509,132	1,912
Other Retirement Contributions - Regular	636,410	(52,226)	584,184	584,184	-
Unemployment Compensation	125,000	-	125,000	125,000	-
Workers' Compensation	273,800	(17,436)	256,364	256,364	-
Health Benefits	5,314,799	166,004	5,480,803	5,480,803	-
Tuition Reimbursement	105,500	(16,424)	89,076	89,075	1
Other Employee Benefits	485,917	(33,890)	452,027	452,026	1
Total Unallocated Benefits	<u>7,466,148</u>	<u>32,350</u>	<u>7,498,498</u>	<u>7,496,584</u>	<u>1,914</u>

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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				\$ 1,686,451	\$ (1,686,451)
Pension - Normal Cost				1,416,899	(1,416,899)
Pension - NCGI Premium				74,548	(74,548)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,650,548	(1,650,548)
Total Undistributed Expenditures	\$ 26,600,701	\$ 1,403,986	\$ 28,004,687	31,945,180	(3,940,493)
Total Current Expenditures	45,918,748	942,967	46,861,715	50,374,281	(3,512,566)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	-	24,454	24,454	24,454	-
Grades 6-8	-	21,700	21,700	21,700	-
Grades 9-12	-	80,277	80,277	39,761	40,516
Undistributed					
Instruction	-	16,721	16,721	16,721	-
School Administration	2,000	79,898	81,898	5,300	76,598
Central Services	-	3,319	3,319	3,319	-
Information Technology	378,326	265,843	644,169	638,068	6,101
Operation and Maintenance of Plant Services	-	15,919	15,919	14,009	1,910
Student Transportation	-	1,215	1,215	1,215	-
School -Sponsored Co-Curricular and Extra-Curricular Activities	-	2,008	2,008	2,008	-
Interest Deposits	110	-	110	-	110
Facilities Acquisition and Construction Services					
Architertural/Engineering Services	225,160	(163,860)	61,300	59,200	2,100
Other Objects - Debt Service Assessment	22,362	-	22,362	22,362	-
Construction Services	1,564,590	222,654	1,787,244	1,498,720	288,524
Total Capital Outlay	2,192,548	570,148	2,762,696	2,346,837	415,859
Transfer Funds To Charter School	55,368	107,095	162,463	162,463	-
Total General Fund	48,166,664	1,620,210	49,786,874	52,883,581	(3,096,707)
Excess (Deficiency) of Revenues Over/(Under) Expenditures					
	(31,790)	(1,620,210)	(1,652,000)	740,003	2,392,003
Other Financing Sources (Uses)					
Operating Transfer In - Capital Projects Fund	-	-	-	6,384	6,384
Operating Transfer Out - Special Revenue Fund	(446,805)	10,277	(436,528)	(436,527)	1
Total Other Financing Sources (Uses)	(446,805)	10,277	(436,528)	(430,143)	6,385

HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<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)	\$ (478,595)	\$ (1,609,933)	\$ (2,088,528)	\$ 309,860	\$ 2,398,388
Fund Balance, Beginning of Year	<u>3,674,301</u>	<u>-</u>	<u>3,674,301</u>	<u>3,674,301</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,195,706</u>	<u>\$ (1,609,933)</u>	<u>\$ 1,585,773</u>	<u>\$ 3,984,161</u>	<u>\$ 2,398,388</u>
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 701,829	
Assigned Fund Balance					
Encumbrances				1,703,163	
Designated for Subsequent Year's Expenditures				39,072	
Unassigned Fund Balance					
Undesignated				<u>1,540,097</u>	
				<u>3,984,161</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Last State Aid Payments not recognized on GAAP Basis				2,082,604	
Extraordinary Aid Payment				<u>593,477</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 1,308,080</u>	

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	\$ 130,000	-	\$ 130,000	\$ 104,933	\$ (25,067)
Total Revenues	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>104,933</u>	<u>(25,067)</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Summer School					
Salaries of Teachers	<u>120,762</u>	<u>\$ (2,033)</u>	<u>118,729</u>	<u>95,572</u>	<u>23,157</u>
Total Summer School	<u>120,762</u>	<u>(2,033)</u>	<u>118,729</u>	<u>95,572</u>	<u>23,157</u>
Instructional Staff Training Services					
Salaries of Teachers	<u>-</u>	<u>2,033</u>	<u>2,033</u>	<u>2,033</u>	<u>-</u>
Total Instructional Staff Training Services	<u>-</u>	<u>2,033</u>	<u>2,033</u>	<u>2,033</u>	<u>-</u>
Total Instruction	<u>120,762</u>	<u>-</u>	<u>120,762</u>	<u>97,605</u>	<u>23,157</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Unallocated Benefits- Employee Benefits					
Social Security Contributions	<u>9,238</u>	<u>-</u>	<u>9,238</u>	<u>7,328</u>	<u>1,910</u>
Other Retirement Contributions - Regular	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Unallocated Benefits	<u>9,238</u>	<u>-</u>	<u>9,238</u>	<u>7,328</u>	<u>1,910</u>
Total Undistributed Expenditures	<u>9,238</u>	<u>-</u>	<u>9,238</u>	<u>7,328</u>	<u>1,910</u>
Total Current Expenditures	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>104,933</u>	<u>25,067</u>
Total General Fund	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>104,933</u>	<u>25,067</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 1,191,012	\$ 6,161	\$ 1,197,173	\$ 1,065,065	\$ (132,108)
Federal	1,412,035	895,654	2,307,689	1,833,509	(474,180)
Local Sources					
Miscellaneous	-	49,529	49,529	32,184	(17,345)
Total Revenues	<u>2,603,047</u>	<u>951,344</u>	<u>3,554,391</u>	<u>2,930,758</u>	<u>(623,633)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	877,196	272,101	1,149,297	991,867	157,430
Other Salaries for Instruction	242,627	(4,541)	238,086	238,086	-
Tuition	677,842	193,186	871,028	871,028	-
Purchased Professional/Educational Services	474,126	(463,216)	10,910	8,023	2,887
Other Purchased Services		30,120	30,120	30,009	111
General Supplies	10,000	448,359	458,359	316,189	142,170
Textbooks		4,009	4,009	3,705	304
Miscellaneous Expenditures	-	4,975	4,975	975	4,000
Total Instruction	<u>2,281,791</u>	<u>484,993</u>	<u>2,766,784</u>	<u>2,459,882</u>	<u>306,902</u>
Support Services					
Salaries of Supervisors Instruction	82,396	(47,448)	34,948	34,948	-
Salaries of Program Directors	32,790	82,412	115,202	115,202	-
Salaries of Other Professional Staff		40,064	40,064	31,026	9,038
Salaries of Secretarial and Clerical Asst.	10,189	-	10,189	10,189	-
Other Salaries	97,843	(37,199)	60,644	24,314	36,330
Personal Services-Employee Benefits	333,714	56,425	390,139	375,578	14,561
Purchased Professional/Educational Services	208,629	183,587	392,216	180,576	211,640
Travel		29,133	29,133	17,560	11,573
Other Purchased Services		57,024	57,024	52,423	4,601
Supplies and Materials	2,500	54,017	56,517	35,935	20,582
Miscellaneous Expenditures	-	11,990	11,990	3,584	8,406
Total Support Services	<u>768,061</u>	<u>430,005</u>	<u>1,198,066</u>	<u>881,335</u>	<u>316,731</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	11,399	11,399	11,399	-
Non - Instructional Equipment	-	14,669	14,669	14,669	-
Total Facilities Acq. & Construction	<u>-</u>	<u>26,068</u>	<u>26,068</u>	<u>26,068</u>	<u>-</u>
Total Expenditures	<u>3,049,852</u>	<u>941,066</u>	<u>3,990,918</u>	<u>3,367,285</u>	<u>623,633</u>
Deficiency of Revenues Under Expenditures	(446,805)	10,278	(436,527)	(436,527)	-
Other Financi Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	446,805	(10,277)	436,528	436,527	1
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less Current Year State Aid Payments not recognized on GAAP Basis				\$ (103,206)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (103,206)</u>	

**HILLSIDE BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 Funds 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 <u>C-1</u>		Special Revenue Fund <u>C-2</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 53,623,584	(C-2)	\$ 2,930,758
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, 2012			59,352
Encumbrances, June 30, 2013			(95,983)
State Aid and Extraordinary Aid payments (2011/2012) recognized for GAAP Statements not recognized for budgetary purposes.	2,571,182		79,241
State Aid and Extraordinary Aid payments (2012/2013) recognized for budgetary purposes not recognized for GAAP statements	<u>(2,676,081)</u>		<u>(103,206)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 53,518,685</u>		<u>\$ 2,870,162</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 52,883,581	(C-2)	\$ 3,367,285
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, 2012			59,352
Encumbrances, June 30, 2013	<u>-</u>		<u>(95,983)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 52,883,581</u>	(B-2)	<u>\$ 3,330,654</u>

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, 2013**

	EXHIBIT <u>E-1A</u>	EXHIBIT <u>E-1B</u>	EXHIBIT <u>E-1C</u>	<u>Total</u>
REVENUES				
Intergovernmental				
State		\$ 32,974	\$ 1,032,091	\$ 1,065,065
Federal	\$ 865,520		967,989	1,833,509
Local Sources				
Miscellaneous	-	-	32,184	32,184
Total Revenues	<u>865,520</u>	<u>32,974</u>	<u>2,032,264</u>	<u>2,930,758</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	270,456		721,411	991,867
Other Salaries for Instruction	-		238,086	238,086
Tuition			871,028	871,028
Purchased Professional/Educational Services	8,023		-	8,023
Other Purchased Services	30,009		-	30,009
General Supplies	276,776		39,413	316,189
Textbooks	3,705	-	-	3,705
Miscellaneous Expenditures	975	-	-	975
Total Instruction	<u>589,944</u>	<u>-</u>	<u>1,869,938</u>	<u>2,459,882</u>
Support Services				
Salaries of Supervisors Inst.			34,948	34,948
Salaries of Program Directors			115,202	115,202
Salaries of Other Professional Staff	12,306		18,720	31,026
Salaries of Secretarial and Clerical Asst.			10,189	10,189
Other Salaries	24,314		-	24,314
Personal Services-Employee Benefits	39,666		335,912	375,578
Purchased Professional/Educational Services	144,955	32,974	2,647	180,576
Travel	17,560			17,560
Other Purchased Services	2,189		50,234	52,423
Supplies and Materials	32,657		3,278	35,935
Miscellaneous Expenditures	1,929	-	1,655	3,584
Total Support Services	<u>275,576</u>	<u>32,974</u>	<u>572,785</u>	<u>881,335</u>
Facilities Acquisition and Construction				
Instructional Equipment			11,399	11,399
Non-Instructional Equipment	-	-	14,669	14,669
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>26,068</u>	<u>26,068</u>
Total Expenditures	<u>865,520</u>	<u>32,974</u>	<u>2,468,791</u>	<u>3,367,285</u>
Deficiency of Revenues Under Expenditures	-	-	(436,527)	(436,527)
Other Financing Sources/(Uses)				
Budgeted Transfer from General Fund			436,527	436,527
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<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 B
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

No Child Left Behind (NCLB)/Improving America's Schools Act (I.A.S.A) Consolidated

	<u>Title I</u>	<u>Title I</u>	<u>Title IIA</u>	<u>Title IIA</u>	<u>Title IIA</u>	<u>Title IID</u>	<u>Title III</u>	<u>Title III</u>	<u>Title III</u>	<u>Subtotal E-1A</u>
REVENUES										
Intergovernmental	\$ 132,749	\$ 509,043	\$ 97,084	\$ 48,003	\$ 225	\$ 53,613	\$ 24,803	\$ 24,803	\$ 865,520	
Federal										
Total Revenues	<u>\$ 132,749</u>	<u>\$ 509,043</u>	<u>\$ 97,084</u>	<u>\$ 48,003</u>	<u>\$ 225</u>	<u>\$ 53,613</u>	<u>\$ 24,803</u>	<u>\$ 24,803</u>	<u>\$ 865,520</u>	
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 32,100	\$ 217,420	\$ 6,900			\$ 6,483	\$ 7,553	\$ 270,456		
Purchased Professional-Educational Se	1,517	6,506						8,023		
Other Purchased Services	3,000	24,459				2,550		30,009		
General Supplies	79,676	149,153				34,588	13,359	276,776		
Textbooks	-	-	-	-	-	3,705	-	3,705		
Miscellaneous Expenditures	-	-	-	-	-	975	-	975		
Total Instruction	<u>116,293</u>	<u>397,538</u>	<u>6,900</u>	<u>-</u>	<u>-</u>	<u>48,301</u>	<u>20,912</u>	<u>589,944</u>		
Support Services										
Salaries of Other Professional Staff		1,485	\$ 7,860	\$ 2,961				12,306		
Other Salaries			800	23,094				24,314		
Personal Services-Employee Benefits	2,456	32,862	1,191	2,051		496	420	39,666		
Purchased Professional-Educational Se	11,000	66,222	50,752	16,981				144,955		
Travel		2,700	13,086	-		1,774		17,560		
Other Purchased Services			2,189					2,189		
Supplies and Materials	3,000	8,236	14,257	1,036	\$ 225	3,042	2,861	32,657		
Miscellaneous Expenditures	-	-	49	1,880	-	-	-	1,929		
Total Support Services	<u>16,456</u>	<u>111,505</u>	<u>90,184</u>	<u>48,003</u>	<u>225</u>	<u>5,312</u>	<u>3,891</u>	<u>275,576</u>		
Total Expenditures	<u>\$ 132,749</u>	<u>\$ 509,043</u>	<u>\$ 97,084</u>	<u>\$ 48,003</u>	<u>\$ 225</u>	<u>\$ 53,613</u>	<u>\$ 24,803</u>	<u>\$ 865,520</u>		

HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Chapter 192		Chapter 193							
	Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Technology	Comp. Education	English as a Second Language	Transportation	Supplemental Instruction	Examination & Classification	Corrective Speech	Subtotal E-1B
REVENUES										
Intergovernmental										
State	\$ 2,899	\$ -	\$ 1,178	\$ 10,869	\$ 853	\$ 9,130	\$ 1,388	\$ 3,342	\$ 3,315	\$ 32,974
Federal	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 2,899</u>	<u>\$ -</u>	<u>\$ 1,178</u>	<u>\$ 10,869</u>	<u>\$ 853</u>	<u>\$ 9,130</u>	<u>\$ 1,388</u>	<u>\$ 3,342</u>	<u>\$ 3,315</u>	<u>\$ 32,974</u>
EXPENDITURES										
Instruction										
Textbooks	-	-	-	-	-	-	-	-	-	-
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services										
Purchased Professional/Educat	\$ 2,899	-	\$ 1,178	\$ 10,869	\$ 853	\$ 9,130	\$ 1,388	\$ 3,342	\$ 3,315	\$ 32,974
Total Support Services	<u>2,899</u>	<u>-</u>	<u>1,178</u>	<u>10,869</u>	<u>853</u>	<u>9,130</u>	<u>1,388</u>	<u>3,342</u>	<u>3,315</u>	<u>32,974</u>
Total Expenditures	<u>\$ 2,899</u>	<u>\$ -</u>	<u>\$ 1,178</u>	<u>\$ 10,869</u>	<u>\$ 853</u>	<u>\$ 9,130</u>	<u>\$ 1,388</u>	<u>\$ 3,342</u>	<u>\$ 3,315</u>	<u>\$ 32,974</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, 2013

Individuals With Disabilities
Education Act

	Part B-Basic	Part B Preschool	Preschool Education Aid	Perkins Secondary	FEMA Disaster Grants - Public Assistance	Race to the Top Incentive Grants	Miscellaneous	Subtotal E-1C
REVENUES								
Intergovernmental State	\$ 846,333	\$ 2,043	\$ 1,032,091	\$ 27,213	\$ 17,471	\$ 50,234	\$ 32,184	\$ 1,032,091
Federal Local	-	-	-	-	-	-	-	967,989
Total Revenues	\$ 846,333	\$ 2,043	\$ 1,032,091	\$ 27,213	\$ 17,471	\$ 50,234	\$ 32,184	\$ 2,032,264
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 846,333	\$ 24,695	\$ 721,411	\$ 2,541	-	-	-	\$ 721,411
Other Salaries for Instruction	-	-	235,545	11,734	-	-	-	238,086
Tuition	-	-	12,423	14,275	-	-	15,256	871,028
General Supplies	-	-	969,379	1,249	-	-	-	39,413
Total Instruction	\$ 846,333	\$ 24,695	\$ 1,720,768	\$ 14,275	\$ 17,471	\$ 50,234	\$ 15,256	\$ 1,869,938
Support Services								
Salaries of Supervisors Inst.	-	-	34,948	-	-	-	-	34,948
Salaries of Program Directors	-	-	115,202	1,249	17,471	-	-	115,202
Salaries of Other Professional Staff	-	-	10,189	290	-	-	-	18,720
Salaries of Secretaries & Clerical Assistants	-	-	335,622	-	-	-	-	10,189
Personal Services-Employee Benefits	\$ 2,043	-	-	-	-	\$ 50,234	604	335,912
Purchased Prof.- Educational Services	-	-	-	-	-	-	-	2,647
Other Purchased Services	-	-	3,278	-	-	-	-	50,234
Supplies and Materials	-	-	-	-	-	-	1,655	3,278
Miscellaneous Expenditures	-	-	-	-	-	-	-	1,655
Total Support Services	\$ 2,043	\$ -	\$ 499,239	\$ 1,539	\$ 17,471	\$ 50,234	\$ 2,259	\$ 572,785
Facilities Acquisition and Construction								
Instructional Equipment	-	-	-	11,399	-	-	-	11,399
Non-Instructional Equipment	-	-	-	-	-	-	14,669	14,669
Total Facilities Acq. & Construction	\$ -	\$ -	\$ -	\$ 11,399	\$ -	\$ -	\$ 14,669	\$ 26,068
Total Expenditures	\$ 846,333	\$ 24,695	\$ 1,468,618	\$ 27,213	\$ 17,471	\$ 50,234	\$ 32,184	\$ 2,468,791

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 721,411	\$ 721,411	-
Other Salaries for Instruction	235,545	235,545	\$ -
General Supplies	12,423	12,423	-
Total Instruction	<u>969,379</u>	<u>969,379</u>	<u>-</u>
Support Services:			
Salaries of Supervisors Inst.	34,948	34,948	-
Salaries of Program Directors	115,202	115,202	-
Salaries of Secretaries & Clerical Assistants	10,189	10,189	-
Other Salaries	-	-	-
Purchased Services - Employee Benefits	335,622	335,622	-
Purchased Professional - Educational Services	-	-	-
Supplies and Materials	3,278	3,278	-
Total Support Services	<u>499,239</u>	<u>499,239</u>	<u>-</u>
Total Expenditures	<u>\$ 1,468,618</u>	<u>\$ 1,468,618</u>	<u>\$ -</u>
Total Revised 2012-2013 Preschool Education Aid Allocation			\$ 1,032,070
Add: Actual Preschool Aid Carryover (June 30, 2012)			-
Add: Prior Year Order Cancelled			21
Add: Budgeted Transfer from the General Fund 2012-2013			436,527
Total Preschool Education Aid Funds Available for 2012-2013 Budget			<u>1,468,618</u>
Less: Budgeted Preschool Education Aid			<u>(1,468,618)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013			-
Add: June 30, 2013 Unexpended Preschool Education Aid			-
2012-2013 Carryover - Preschool Education Aid			<u>-</u>
2012-2013 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2013-2014			<u>\$ -</u>

CAPITAL PROJECTS FUND

HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2013</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2004	Stairwall Fire Door Project - All Schools *	\$ 657,341	\$ 650,957	\$ -	\$ 6,384	\$ -
		<u>\$ 657,341</u>	<u>\$ 650,957</u>	<u>\$ -</u>	<u>\$ 6,384</u>	<u>\$ -</u>
			Project Balance			<u>\$ -</u>
			Fund Balance - GAAP			<u>\$ -</u>

* Fund by local share of \$394,405 Capital Reserve and SDA State share of \$262,936.

**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, 2013**

Revenues and Other Financing Sources	
State sources - SDA Grants	
Transfer from Capital Reserve	-
	<hr/>
Total Revenues	-
	<hr/>
Expenditures and Other Financing Uses	
Transfer to General Fund	\$ 6,384
	<hr/>
Total Expenditures	6,384
Excess (deficiency) or Revenues over (under) Expenditures	<hr/> (6,384)
Fund Balance- Beginning of Year	<hr/> 6,384
Fund Balance- End of Year	<hr/> <hr/> \$ -

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
STAIRWALL FIRE DOOR PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 262,926		\$ 262,926	\$ 262,926
Transfer from Capital Reserve	394,405		394,405	388,021
	<hr/>		<hr/>	<hr/>
Total Revenues	657,331	-	657,331	650,947
	<hr/>		<hr/>	<hr/>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	42,969		42,969	42,969
Construction Services	607,978		607,978	607,978
Transfer to General Fund		\$ 6,384	6,384	
	<hr/>		<hr/>	<hr/>
Total Expenditures	650,947	6,384	657,331	650,947
	<hr/>		<hr/>	<hr/>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 6,384</u>	<u>\$ (6,384)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project Number	2190-050-04-1400	2190-085-04-1400	
	2190-090-04-1400	2190-060-04-1400	
	2190-080-04-1400	2190-090-04-2400	2190-110-04-2400

Grant Date	6/24/2004
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 657,341
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A

Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original target completion date	9/1/2004
Revised target completion date	9/1/2007

PROPRIETARY FUNDS

**HILLSIDE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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, 2013**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 95,350	\$ 256,707	\$ 352,057
Total Assets	<u>\$ 95,350</u>	<u>\$ 256,707</u>	<u>\$ 352,057</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 256,707	\$ 256,707
Due to Student Groups	\$ 95,350	-	95,350
Total Liabilities	<u>\$ 95,350</u>	<u>\$ 256,707</u>	<u>\$ 352,057</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

<u>School</u>	<u>Balance July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
ELEMENTARY SCHOOLS				
Calvin Coolidge	\$ 7,032	\$ 3,011	\$ 2,362	\$ 7,681
A.P. Morris	10,399	24,384	22,191	12,592
Hurden Looker	4,804	18,157	13,998	8,963
George Washington	1,684	5,610	5,640	1,654
A.P. Morris - Annex				-
JUNIOR HIGH SCHOOLS				
Walter O. Krumbiegel	12,019	46,920	50,126	8,813
SENIOR HIGH SCHOOL				
Hillside High School	45,900	105,613	95,866	55,647
Total	<u>\$ 81,838</u>	<u>\$ 203,695</u>	<u>\$ 190,183</u>	<u>\$ 95,350</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Balance, July 1, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2013</u>
Payroll Deductions and Withholdings	\$ 247,818	\$ 14,513,229	\$ 14,504,340	\$ 256,707
Accrued Salaries and Wages	-	17,247,664	17,247,664	-
Total	<u>\$ 247,818</u>	<u>\$ 31,760,893</u>	<u>\$ 31,752,004</u>	<u>\$ 256,707</u>

LONG-TERM DEBT

**HILLSIDE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment In Capital Assets	\$ 8,114,043	\$ 8,009,786	\$ 8,567,841	\$ 11,618,904	\$ 12,791,814	\$ 13,205,655	\$ 14,064,204	\$ 13,884,937	\$ 13,307,648	\$ 14,909,859
Restricted	41,729	452,800	424,156	41,982	48,462	48,572	48,532	48,639	701,721	701,829
Unrestricted	1,184,511	3,591,233	3,191,304	1,396,840	140,642	(919,098)	(46,185)	(946,949)	(766,218)	(668,476)
Total Governmental Activities Net Position	\$ 9,340,283	\$ 12,053,819	\$ 12,183,301	\$ 13,057,726	\$ 12,980,918	\$ 12,335,079	\$ 14,066,551	\$ 12,986,627	\$ 13,243,131	\$ 14,943,212
Business-Type Activities										
Net Investment In Capital Assets	\$ 75,376	\$ 64,034	\$ 61,619	\$ 57,330	\$ 50,352	\$ 45,508	\$ 65,733	\$ 52,937	\$ 44,089	\$ 43,664
Restricted										
Unrestricted	107,364	182,336	(34,871)	(30,628)	32,656	81,006	147,240	208,359	269,127	254,564
Total Business-Type Activities Net Position	\$ 182,740	\$ 246,370	\$ 26,748	\$ 26,702	\$ 83,008	\$ 126,514	\$ 212,973	\$ 261,296	\$ 313,216	\$ 298,228
District-Wide										
Net Investment In Capital Assets	\$ 8,189,419	\$ 8,073,820	\$ 8,629,460	\$ 11,676,234	\$ 12,842,166	\$ 13,251,163	\$ 14,129,937	\$ 13,937,874	\$ 13,351,737	\$ 14,953,523
Restricted	41,729	452,800	424,156	41,982	48,462	48,572	48,532	48,639	701,721	701,829
Unrestricted	1,291,875	3,773,569	3,156,433	1,366,212	173,298	(838,092)	101,055	(738,590)	(497,091)	(413,912)
Total District Net Position	\$ 9,523,023	\$ 12,300,189	\$ 12,210,049	\$ 13,084,428	\$ 13,063,926	\$ 12,461,593	\$ 14,279,524	\$ 13,247,923	\$ 13,556,367	\$ 15,241,440

Source: District financial records

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction	\$ 15,589,046	\$ 17,663,625	\$ 19,715,710	\$ 20,614,631	\$ 22,528,389	\$ 22,547,632	\$ 22,698,875	\$ 23,018,450	\$ 23,276,436	\$ 23,050,123
Regular	7,952,465	8,597,596	9,128,524	9,487,349	8,586,884	8,820,314	8,859,889	9,129,705	9,425,597	9,299,964
Special Education	621,361	609,462	577,664	694,074	642,627	868,217	1,483,285	1,339,337	1,326,175	1,509,337
Other Instruction	417,875	388,515	459,875	488,245	456,184	555,707	588,643	652,345	727,611	699,647
School Sponsored Activities and Athletics										
Support Services:										
Student & Instruction Related Services	3,797,175	4,662,657	4,945,348	5,115,381	5,105,864	5,081,023	5,544,199	5,390,566	5,182,761	6,626,499
Attendance And Social Work	32,144	27,487	47,223	48,986	37,088	36,586	35,234	13,958	15,914	15,010
Educational Media/School Library	486,608	429,135	437,891	480,277	480,466	524,461	924,308	842,858	808,189	864,168
School Administrative Services	2,549,865	2,611,003	2,966,027	3,148,298	3,502,087	3,453,503	2,908,408	3,581,123	3,347,762	3,559,103
General Administration	1,054,689	1,178,816	1,000,683	1,024,985	1,072,198	1,147,828	1,174,828	1,017,964	1,086,487	1,095,179
Central Services	943,554	943,554	1,198,319	1,199,214	1,198,319	959,747	965,077	942,234	942,234	5,744,786
Plant Operations And Maintenance	3,544,455	4,132,280	4,579,259	4,518,711	5,305,915	5,629,000	6,296,833	6,670,431	6,090,794	1,325,267
Pupil Transportation	1,880,306	1,255,416	1,381,983	1,434,317	1,366,275	1,444,171	1,315,004	1,224,152	1,299,276	986,186
Other Support Services	832,977									
Interest On Long-Term Debt	36,401	20,312								
Total Governmental Activities Expenses	38,795,367	42,519,858	46,283,437	48,174,780	50,107,428	51,231,131	53,362,253	53,846,486	53,529,256	54,775,269
Business-Type Activities:										
Food Service	1,172,118	1,225,201	1,372,514	1,249,598	1,346,523	1,381,807	1,440,987	1,400,535	1,410,289	1,470,885
Total District Expenses	\$ 39,967,485	\$ 43,745,059	\$ 47,655,951	\$ 49,424,378	\$ 51,453,951	\$ 52,612,938	\$ 54,803,240	\$ 55,247,021	\$ 54,939,545	\$ 56,246,154
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)/Rentals	\$ 1,615,120	\$ 2,046,450	\$ 2,079,768	\$ 1,599,344	\$ 1,772,203	\$ 8,058,718	\$ 13,675,100	\$ 140,532	\$ 131,180	\$ 705,289
Operating Grants And Contributions	9,767,704	10,182,116	10,394,547	12,143,086	12,921,937	8,058,718	13,675,100	9,055,264	8,779,692	10,955,632
Capital Grants And Contributions	-	4,710	-	262,936	-	-	181,955	-	-	32,377
Total Governmental Activities Program Revenues	11,382,824	12,233,276	12,474,315	14,005,366	13,694,140	8,058,718	13,857,055	9,195,796	8,910,872	11,693,298
Business-Type Activities:										
Charges For Services	\$ 429,130	\$ 444,331	\$ 426,129	\$ 394,234	\$ 473,551	\$ 499,755	\$ 485,567	\$ 453,785	\$ 434,862	\$ 442,592
Food Service	653,179	706,802	701,763	729,234	794,278	810,558	939,384	960,073	1,027,347	1,013,305
Operating Grants And Contributions										
Total Business Type Activities Program Revenues	1,082,309	1,151,133	1,127,892	1,123,468	1,267,829	1,310,313	1,424,951	1,413,858	1,462,209	1,455,897
Total District Program Revenues	\$ 12,465,133	\$ 13,384,409	\$ 13,602,207	\$ 15,128,834	\$ 14,961,969	\$ 9,369,031	\$ 15,282,006	\$ 10,609,654	\$ 10,373,081	\$ 13,149,195
Net (Expense)/Revenue										
Governmental Activities	\$ (27,412,543)	\$ (30,286,582)	\$ (33,809,122)	\$ (34,169,414)	\$ (37,008,288)	\$ (43,172,413)	\$ (39,505,198)	\$ (44,650,690)	\$ (44,618,384)	\$ (43,081,971)
Business-Type Activities	(89,809)	(74,068)	(244,622)	(126,130)	(78,694)	(71,494)	(16,036)	13,323	51,920	(1,498)
Total District-Wide Net Expense	\$ (27,502,352)	\$ (30,360,650)	\$ (34,053,744)	\$ (34,295,544)	\$ (37,086,982)	\$ (43,243,907)	\$ (39,521,234)	\$ (44,637,367)	\$ (44,566,464)	\$ (43,096,959)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 22,109,540	\$ 23,307,990	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588
Unrestricted Grants And Contributions	8,796,231	9,200,349	10,906,963	11,403,157	11,403,157	16,973,199	15,144,879	17,380,092	18,633,587	18,495,504
Miscellaneous Income	247,937	629,477	538,065	432,705	762,215	767,266	702,187	695,686	711,333	159,457
Insurance Proceeds Utilized to Purchase Capital Assets										92,648
Disposition of Capital Asset, net										(6,165)
Transfers	(209,699)	(137,698)	(25,000)	(126,084)	(135,000)	(115,000)	(102,495)	(35,000)	-	-
Total Governmental Activities	30,944,009	33,000,118	33,938,604	35,043,839	36,931,481	42,526,574	41,236,670	43,570,766	44,874,908	44,782,032

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
				Fiscal Year Ended June 30,							
				2007	2008	2009	2010	2011	2012	2013	
Business-Type Activities:											
Transfers	209,699	137,698	25,000	126,084	135,000	115,000	102,495	35,000			
Total Business-Type Activities	209,699	137,698	25,000	126,084	135,000	115,000	102,495	35,000			
Total District-Wide	\$ 31,153,708	\$ 33,137,816	\$ 33,963,604	\$ 35,169,923	\$ 37,066,481	\$ 42,641,574	\$ 41,339,165	\$ 43,605,766	\$ 44,874,908	\$ 44,782,032	
Change in Net Position											
Governmental Activities	\$ 3,531,466	\$ 2,713,536	\$ 129,482	\$ 874,425	\$ (76,807)	\$ (645,839)	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	
Business-Type Activities	119,890	63,630	(219,622)	(46)	56,306	43,506	86,459	48,323	51,920	(14,988)	
Total District	\$ 3,651,356	\$ 2,777,166	\$ (90,140)	\$ 874,379	\$ (20,501)	\$ (602,333)	\$ 1,817,931	\$ (1,031,601)	\$ 308,444	\$ 1,685,073	

Source: District financial records

HILLSIDE BOARD OF EDUCATION
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,306,172	\$ 1,416,679	\$ 2,510,772	\$ 2,266,701	\$ 1,268,238	\$ 1,826,770	\$ 1,243,646	\$ 42,255	\$ 695,337	\$ 701,829
Unreserved	794,327	3,232,755	1,755,409	200,840	109,883	(1,546,365)	(319,448)	880,529	1,497,088	1,742,235
Restricted								1,200,000	(1,089,306)	(1,135,984)
Committed										
Assigned										
Unassigned										
Total General Fund	\$ 2,100,499	\$ 4,649,434	\$ 4,266,181	\$ 2,467,541	\$ 1,378,121	\$ 280,405	\$ 924,198	\$ 200,224	\$ 1,103,119	\$ 1,308,080
All Other Governmental Funds										
Reserved	\$ 648,000	\$ 410,988	\$ 607,978	\$ 6,934	\$ (85,939)	\$ (63,065)	\$ 118,747			
Unreserved	(255,299)		(256,998)				(77,274)			
Assigned										
Unassigned										
Total All Other Governmental Funds	\$ 392,701	\$ 410,988	\$ 350,980	\$ 6,934	\$ (85,939)	\$ (63,065)	\$ 41,473	\$ (65,708)	\$ (72,857)	\$ (103,206)

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,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 22,109,540	\$ 23,307,990	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588
Tuition Charges	1,615,120	2,046,450	2,079,768	1,599,344	177,203	60,700	136,754	140,532	131,180	93,710
Miscellaneous	303,895	718,499	617,733	519,959	824,747	788,109	744,812	733,350	723,360	828,194
State Sources	16,873,601	17,581,469	19,534,036	21,491,058	22,582,714	23,224,549	26,194,212	23,970,549	25,283,438	27,472,900
Federal Sources	1,634,376	1,716,584	1,687,806	1,822,469	1,679,848	1,725,825	2,580,112	2,427,143	2,117,814	1,953,455
Total Revenue	42,536,532	45,371,092	46,437,919	49,175,289	50,165,621	50,700,292	55,185,878	52,801,562	53,785,780	56,388,847
Expenditures										
Instruction										
Regular Instruction	15,438,705	17,402,701	19,542,218	20,352,641	21,995,915	22,265,582	22,502,893	22,538,781	22,844,284	22,559,889
Special Education Instruction	7,929,225	8,550,251	9,095,337	9,448,312	8,541,384	8,775,752	8,808,248	9,066,171	9,339,371	9,221,704
Other Instruction	619,634	605,438	574,104	689,238	636,939	860,389	1,474,676	1,328,876	1,315,860	1,495,081
School Sponsored Act. & Athletics	414,618	381,985	453,281	482,574	450,178	549,089	580,852	641,874	717,003	686,889
Support Services:										
Student & Inst. Related Services	3,772,076	4,615,778	4,911,965	5,076,688	5,058,865	5,026,365	5,486,801	5,319,466	5,113,841	6,517,635
Attendance And Social Work	32,089	26,954	46,614	48,249	36,469	36,016	34,667	13,684	15,614	14,676
Educational Media/School Library	478,819	421,937	432,982	474,189	473,450	517,039	910,410	827,062	793,628	846,113
General Administration	1,021,815	1,094,883	994,449	1,017,232	1,089,945	1,063,583	1,739,419	1,007,148	1,077,023	1,083,309
School Administrative Services	2,520,496	2,565,295	2,932,354	3,107,391	3,453,016	3,404,834	2,853,823	3,516,794	3,291,172	3,488,786
Central Services and Info. Technology	825,862	928,285	1,032,039	1,103,366	1,182,846	1,182,145	945,827	947,809	926,381	966,820
Plant Operations And Maintenance	3,490,106	4,076,942	4,539,717	4,471,488	5,249,610	5,572,282	6,234,020	6,594,482	6,019,019	5,658,595
Pupil Transportation	1,870,046	1,250,343	1,378,383	1,430,521	1,361,262	1,438,994	1,309,384	1,218,102	1,293,255	1,317,886
Capital Outlay	357,933	439,472	920,537	3,488,542	1,682,495	968,074	1,454,032	557,468	123,583	2,356,852
Debt Service:										
Principal	1,099,523	510,427								
Interest And Other Charges	48,965	22,813								
Total Expenditures	39,919,912	42,893,504	46,856,180	51,192,431	51,212,374	51,660,134	54,335,052	53,597,717	52,890,034	56,214,235
Excess (Deficiency) Of Revenues Over (Under) Expenditures	2,616,620	2,477,588	(418,261)	(2,017,142)	(1,046,753)	(959,842)	850,826	(796,155)	895,746	174,612
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)		227,332								
Transfers In	394,405	(137,698)	(25,000)	(156,914)	(135,000)	206,060	673,160	532,084	607,881	442,911
Transfers Out	(604,104)					(321,060)	(775,655)	(567,084)	(607,881)	(442,911)
Total Other Financing Sources (Uses)	(209,699)	89,634	(25,000)	(126,084)	(135,000)	(115,000)	(102,495)	(35,000)	-	-
Net Change In Fund Balances	\$ 2,406,921	\$ 2,567,222	\$ (443,261)	\$ (2,143,226)	\$ (1,181,753)	\$ (1,074,842)	\$ 748,331	\$ (831,155)	\$ 895,746	\$ 174,612
Debt Service As A Percentage Of Noncapital Expenditures	2.90%	1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial records

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Athletic Account Receipts</u>	<u>Refunds/ Reimbursements</u>	<u>IEP Overhead Fee</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 31,388	\$ 8,175	\$ 13,330	\$ 154,545	\$ 40,499	\$ 247,937
2005	177,036	8,867	13,910	189,419	240,245	629,477
2006	317,225	7,031	11,283	188,361	14,165	538,065
2007	214,456	8,435	11,212	179,349	19,253	432,705
2008	183,133	6,360	36,776	518,513	17,433	762,215
2009	74,573	6,565	41,946	575,000	69,182	767,266
2010	55,700	4,713	3,569	587,830	50,375	702,187
2011	34,560	6,194	26,438	587,830	40,664	695,686
2012	36,326	8,266	40,804	599,587	26,350	711,333
2013	33,519	7,914	55,707	611,579	62,317	771,036

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2004	\$ 6,679,600	\$ 681,066,200			\$ 72,582,000	\$ 139,027,100	\$ 10,925,300	\$ 910,280,200		\$ 938,154	\$ 911,218,354	\$ 1,470,901,530	\$ 2.490
2005	7,100,600	684,988,294			71,783,900	135,813,333	10,831,300	910,517,427		805,412	911,322,839	1,615,633,011	2.510
2006	7,836,700	690,561,994			71,877,700	134,436,033	11,502,200	916,214,627		678,906	916,893,533	1,825,449,474	2.525
2007	7,465,800	696,949,494			70,259,200	133,210,350	11,424,300	919,309,144		559,891	919,869,035	2,079,441,155	2.640
2008	7,756,600	699,587,544			69,550,600	126,967,050	11,424,300	915,286,094		527,632	915,813,726	2,325,586,817	2.721
2009	6,936,500	702,450,694			71,442,400	123,754,050	11,424,300	916,007,944		580,166	915,646,090	2,269,821,789	2.757
2010	6,950,500	699,658,344			70,854,900	121,231,700	11,460,300	910,155,744		580,329	910,736,073	1,971,040,914	2.804
2011	6,958,400	696,284,344			70,318,400	119,252,100	11,460,300	904,273,544		532,666	904,806,210	1,957,725,793	2.822
2012	7,252,000	692,384,900			71,551,800	115,782,200	11,460,300	898,431,200		765,641	899,196,841	1,717,316,350	2.869
2013	6,406,600	690,839,750			71,702,300	114,652,600	11,459,300	895,060,550		731,812	895,792,362	Not Available	2.937

Source: County Abstract of Rates

^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	
2004	\$ 2.49	\$ 1.92	\$ 0.65	\$ 5.06
2005	2.51	1.98	0.67	5.16
2006	2.52	2.58	0.71	5.81
2007	2.64	2.66	0.79	6.09
2008	2.70	2.89	0.90	6.49
2009	2.75	2.97	0.88	6.60
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

Source: County Abstract of Ratables

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
	INFORMATION NOT AVAILABLE		INFORMATION NOT AVAILABLE	
	\$ -	0.00%	\$ -	0.00%

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	
2004	\$ 22,109,540	\$ 22,109,540	100.00%	N/A
2005	23,307,990	23,307,990	100.00%	N/A
2006	22,518,576	22,518,576	100.00%	N/A
2007	23,742,459	23,742,459	100.00%	N/A
2008	24,901,109	24,901,109	100.00%	N/A
2009	24,901,109	24,901,109	100.00%	N/A
2010	25,529,988	25,529,988	100.00%	N/A
2011	25,529,988	25,529,988	100.00%	N/A
2012	25,529,988	25,529,988	100.00%	N/A
2013	26,040,588	26,040,588	100.00%	N/A

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		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2004	-	-	-	-	-	-	21,547	-	
2005	-	-	-	-	-	-	21,354	-	
2006	-	-	-	-	-	-	21,242	-	
2007	-	-	-	-	-	-	21,127	-	
2008	-	-	-	-	-	-	21,124	-	
2009	-	-	-	-	-	-	21,260	-	
2010	-	-	-	-	-	-	21,442	-	
2011	-	-	-	-	-	-	21,524	-	
2012	-	-	-	-	-	-	21,603	-	
2013	-	-	-	-	-	-	N/A	-	

Source: District financial records

Note:

There was no outstanding debt in the governmental activities in fiscal year 2004 through 2013.

N/A - Information not available.

**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, 2013
 (Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township	\$ 5,366,531	-	\$ 5,366,531
	<u>\$ 5,366,531</u>	<u>\$ -</u>	<u>5,366,531</u>
Overlapping Debt Apportioned to the Municipality:			
Union County			<u>15,330,238</u>
Total Direct and Overlapping Debt			<u>\$ 20,696,769</u>

Source:

(1) Township's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2012 equalized value by the total 2012 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 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 43,014,462	\$ 47,823,234	\$ 53,831,743	\$ 70,357,622	\$ 81,514,861	\$ 88,567,878	\$ 90,609,148	\$ 85,755,863	\$ 80,200,278	\$ 73,847,923
Total Net Debt Applicable to Limit	\$ 43,014,462	\$ 47,823,234	\$ 53,831,743	\$ 70,357,622	\$ 81,514,861	\$ 88,567,878	\$ 90,609,148	\$ 85,755,863	\$ 80,200,278	\$ 73,847,923
Legal Debt Margin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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%

Average equalized valuation of taxable property	
	\$ 1,846,198,068

Debt limit (4 % of average equalization value)	
	73,847,923 ^a

Total Net Debt Applicable to Limit	
	\$ 73,847,923

Legal debt margin	
	\$ 73,847,923

Equalized valuation basis	
2012	\$ 1,715,873,186
2011	1,852,260,434
2010	1,970,460,585
	<u>\$ 5,538,594,205</u>

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 NJS A 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>
2004	21,547	N/A	42,775	5.31%
2005	21,354	N/A	44,243	7.10%
2006	21,242	N/A	48,636	7.40%
2007	21,127	N/A	50,752	6.80%
2008	21,124	N/A	52,307	8.70%
2009	21,260	N/A	48,723	14.60%
2010	21,442	N/A	50,448	14.90%
2011	21,524	N/A	51,860	14.80%
2012	21,603	N/A	N/A	14.80%
2013	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)

<u>Employer</u>	<u>2013</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction						
Regular	254.7	246.7	269.6	264.2	253.7	234.0
Special education	56.0	55.5	57.0	51.2	57.1	57.1
Other special education						
Vocational						
Other instruction						
Nonpublic school programs						
Adult/continuing education programs						
Support Services:						
Student & instruction related services	36.0	43.4	52.8	52.3	51.6	57.5
General administration	9.9	6.4	5.3	4.7	4.1	5.0
School administrative services	38.2	31.6	34.4	31.8	29.8	29.0
Other administrative services						
Central services	7.0	8.3	8.1	7.7	7.6	7.8
Administrative Information Technology	3.0	3.2	0.4	0.4	0.4	0.4
Plant operations and maintenance	65.0	68.8	69.3	72.3	69.9	77.9
Pupil transportation	4.5	7.0	7.5	11.0	7.4	10.5
Other support services				0.1	5.7	6.0
Special Schools						
Food Service	0.5	0.5	0.5	0.5	0.5	0.5
Child Care						
Total	<u>474.8</u>	<u>471.3</u>	<u>504.9</u>	<u>496.2</u>	<u>487.8</u>	<u>485.6</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 2006 only six 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	Teacher/Pupil Ratio										Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c					
2004	\$ 38,413,491	\$ 11,272	12.53%	297	1:14	1:12	1:11	3,408	3,088	1.82%	90.61%		
2005	41,920,792	12,458	10.52%	304	1:14	1:12	1:11	3,365	3,031	-1.26%	90.07%		
2006	45,935,643	13,916	11.70%	245	1:14	1:14	1:12	3,304	2,969	-1.81%	89.86%		
2007	47,703,889	15,025	7.96%	271	1:13	1:10	1:11	3,175	2,996	-3.90%	94.36%		
2008	49,529,879	15,947	6.14%	280	1:12	1:11	1:10	3,115	2,976	-1.89%	95.54%		
2009	50,692,060	16,190	1.52%	295	1:12	1:10	1:9	3,131	2,933	0.51%	93.68%		
2010	52,881,020	16,841	4.02%	328	1:11	1:9	1:8	3,140	2,914	0.29%	92.80%		
2011	53,040,249	17,093	1.50%	312	1:11	1:9	1:8	3,103	2,933	-1.18%	94.52%		
2012	52,766,451	16,907	-1.09%	295	1:12	1:11	1:9	3,121	2,966	0.58%	95.03%		
2013	53,857,383	17,845	5.55%	223	1:19	1:12	1:10	3,018	2,812	-3.30%	93.17%		

Sources: District records

a. Enrollment based on annual October district count.

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Building										
Early Learning Center										
A.P Morris/Early Childhood Center	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Square Feet	302	774	774	774	774	775	775	775	775	775
Capacity (students)	800	839	794	812	837	865	612	614	688	644
Enrollment										
Elementary										
Calvin Coolidge	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Square Feet	158	152	152	152	152	153	153	153	153	153
Capacity (students)	245	226	209	195	175	199	199	195	201	214
Enrollment ^a										
Hurdén Looker	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Square Feet	379	443	433	433	433	433	433	433	433	433
Capacity (students)	494	486	431	421	391	397	402	398	494	423
Enrollment										
George Washington	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Square Feet	435	320	320	320	320	330	330	330	330	330
Capacity (students)	336	321	336	295	299	304	295	356	260	246
Enrollment										
Saybrook	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Square Feet										
Capacity (students)			43	32	32					
Enrollment										
APM Annex										
Square Feet							22,000	22,000	N/A	N/A
Capacity (students)							260	260	N/A	N/A
Enrollment							232	244	N/A	N/A
Middle School										
W.O. Krumbiegel	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Square Feet	580	560	560	560	560	560	560	560	560	560
Capacity (students)	556	526	483	473	458	457	452	443	660	693
Enrollment										
High School										
Hillside High School	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Square Feet	1,123	692	692	692	692	692	692	692	692	692
Capacity (students)	975	1,029	1,055	947	946	909	891	880	842	798
Enrollment										
Other										
Administration Building	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Square Feet										

Number of Schools at June 30, 2013
 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)**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXXX	Project #(s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities											
Calvin Coolidge	\$ 31,771	\$ 55,374	\$ 62,076	\$ 55,019	\$ 148,291	\$ 120,488	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	
Hurden Looker	69,441	90,025	124,840	82,189	230,107	133,321	214,919	270,582	93,510	123,229	
Walter Krumbiegel	92,153	152,862	251,496	117,854	149,841	256,800	199,412	154,350	261,164	158,858	
A.P. Morris	143,561	200,919	241,715	201,287	226,631	244,489	210,424	208,478	210,750	216,231	
A.P. Morris Annex							56,562	23,981			
George Washington	46,643	63,483	57,755	53,747	64,324	99,843	102,855	80,205	49,114	125,710	
Hillside High School	191,775	264,282	249,090	221,163	345,727	407,198	430,940	681,035	910,999	395,337	
Saybrook	38,372	17,191	15,549	14,846	28,578	25,621	21,813	12,451	13,992	39,877	
Total School Facilities	613,716	844,136	1,002,521	746,105	1,193,499	1,287,760	1,377,124	1,469,852	1,630,558	1,204,791	
Other Facilities											
Stadium	2,909	2,915	3,654	4,244	2,867	6,792	14,868	2,853	9,601	8,606	
Administration	10,486	12,827	14,252	11,758	12,369	15,193	12,981	10,884	11,881	14,851	
Total Other Facilities	13,395	15,742	17,906	16,002	15,236	21,985	27,849	13,737	21,482	23,457	
Grand Total	\$ 627,111	\$ 859,878	\$ 1,020,427	\$ 762,107	\$ 1,208,735	\$ 1,309,745	\$ 1,404,973	\$ 1,483,589	\$ 1,652,040	\$ 1,228,248	

**HILLSIDE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2013
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents	\$ 99,263,553	\$ 500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	500
Boiler and Machinery/System Breakdown	100,000,000	1,000
Business Computer (EDP)	2,173,000	1,000
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)	50,000,000	
Public Employees' Dishonesty	500,000	1,000
Surety Bonds		
Treasurer	300,000	
Board Secretary/Business Administrator	50,000	

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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, 2013 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 November 19, 2013.

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.

We noted certain matters 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 November 19, 2013.

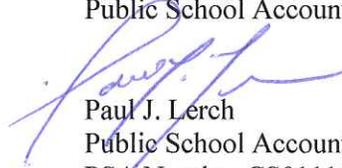
Purpose of this Report

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.

Fair Lawn, New Jersey
November 19, 2013



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
DORIS MANUKIAN, CPA, PSA
MARK SACO, CPA

**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
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

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) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 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, 2013. 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 laws, regulations, contracts, and grants 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; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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, 2013.

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 U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, 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.

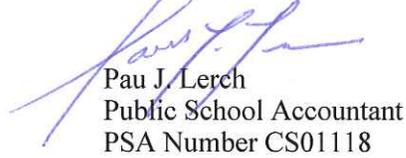
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 19, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 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


Pau J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 19, 2013

HILLSIDE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	(A/R) Carryover Amount	(Unearned Rev) Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2013		Memo GAAP Reservable
											(Accounts Reservable)	Uncearned Revenue/	
											Due to Grantor		
Special Revenue Fund I.A.S.A. Consolidated Grant/NCLB													
Title I - ARRA													
Title I	84.389A	NCLB219009	9/1/09-8/31/10	\$ 339,624	\$ (7,660)	-	-	\$ 7,660	-	-	-	-	-
Title I	84.010A	NCLB219009	9/1/11-8/31/12	630,767	(83,109)	\$ 89,967	\$ (89,967)	211,409	\$ 132,749	\$ 4,449	-	-	-
Title I	84.010A	NCLB219009	9/1/12-8/31/13	725,846	-	(89,967)	89,967	374,448	509,043	-	306,770	\$ (441,365)	\$ (134,595)
Title IA - ARRA	84.389A	NCLB219009	9/1/09-8/31/10	8,004	(1,559)	-	-	1,559	-	-	-	-	-
Title II	84.367A	NCLB219009	9/1/11-8/31/12	112,757	9,261	77,721	(77,721)	38,742	48,003	-	-	-	-
Title II	84.367A	NCLB219009	9/1/12-8/31/13	95,295	-	(77,721)	77,721	47,258	97,084	-	75,932	(125,758)	(125,758)
Title III	84.318X	NCLB219009	9/1/10-8/31/11	1,256	-	-	-	225	225	-	-	-	-
Title III	84.365A	NCLB219009	9/1/12-8/31/13	64,764	-	(36,479)	36,479	35,518	53,613	-	47,630	(65,725)	(18,095)
Title III	84.365A	NCLB219009	9/1/11-8/31/12	64,131	(18,060)	36,479	(36,479)	42,789	24,803	74	-	-	-
I.D.E.A. Part B													
Basic Regular	84.027	IDEA219009	9/1/12-8/31/13	875,211	-	(14,947)	14,947	775,587	846,333	-	43,825	(114,571)	(70,746)
Basic Regular	84.027	IDEA219009	9/1/11-8/31/12	829,514	(132,688)	14,947	(14,947)	134,731	2,043	-	-	-	-
Preschool	84.173	IDEA219009	9/1/12-8/31/13	24,695	-	-	7,704	7,704	24,695	-	-	(16,991)	(16,991)
Perkins Secondary	84.048		9/1/12-8/31/13	28,499	-	-	16,193	16,193	27,213	-	1,286	(12,306)	(12,306)
Race to the Top Incentive Grants	84.395		9/1/12-8/31/13	50,234	-	-	50,234	50,234	-	-	-	-	-
Total U.S. Department of Education					(233,815)	-	-	1,744,057	1,816,038	4,523	474,157	(776,716)	(378,491)
FEMA Disaster Grants - Public Assistance	97.036			17,471	-	-	14,559	17,471	-	-	-	(2,912)	(2,912)
Total U.S. Department of Homeland Security					-	-	14,559	17,471	-	-	-	(2,912)	(2,912)
Total					\$ (462,056)	\$ -	\$ -	\$ 3,092,201	\$ 3,010,893	\$ 4,523	\$ 477,282	\$ (854,793)	\$ (383,230)

Adjustments represent cancellation of prior year orders.

HILLSIDE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover Balance, (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Unearned Revenue	Due to Grantor	Memo Only		
												(Accounts Receivable)	GAAP Receivable	Total Expenditures
State Department of Education														
General Fund														
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 18,278,621	\$ (1,349,972)		\$ 1,349,972	\$ 19,021,554						\$ -	\$ -
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	19,021,554	-		17,145,532	\$ 19,021,554		\$ (1,875,022)				\$ -	\$ 19,021,554
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	1,693,251	(629,769)		629,769	1,793,269						\$ -	\$ 1,793,269
Categorical Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	1,793,269	-		1,616,279	1,793,269		(176,990)				\$ -	\$ 1,793,269
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	102,431	-		92,321	102,431		(10,110)				\$ -	\$ 102,431
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	197,391	-		177,909	197,391		(19,482)				\$ -	\$ 197,391
Extraordinary Special Education Costs Aid	12-100-034-5120-473	7/1/11-6/30/12	593,477	(591,441)		591,441	593,477						\$ -	\$ 593,477
Extraordinary Special Education Costs Aid	13-100-034-5120-473	7/1/12-6/30/13	593,477	-		1,686,451	1,686,451		(593,477)				\$ -	\$ 1,686,451
T.P.A.F. - Pension - Post Ret. Medical	13-495-034-5095-001	7/1/12-6/30/13	1,686,451	-		74,548	74,548						\$ -	\$ 1,686,451
T.P.A.F. - Pension - NCGI Premium	13-495-034-5095-006	7/1/12-6/30/13	74,548	-		1,416,899	1,416,899						\$ -	\$ 74,548
T.P.A.F. - Pension - Normal Cost	12-100-034-5095-007	7/1/12-6/30/13	1,416,899	-		84,566	1,416,899						\$ -	\$ 1,416,899
T.P.A.F. - Social Security	12-100-034-5095-002	7/1/11-6/30/12	1,574,315	(84,566)		1,569,437	1,574,315						\$ -	\$ 1,574,315
T.P.A.F. - Social Security	13-100-034-5095-002	7/1/12-6/30/13	1,650,548	-		26,435,124	1,650,548		(81,111)				\$ (81,111)	\$ 1,650,548
Total General fund			(2,655,748)	-		26,435,124	26,536,568		(2,757,192)				\$ (81,111)	\$ 26,536,568
Special Revenue Fund														
Preschool Education Aid	13-495-034-5120-086	7/1/12-6/30/13	1,032,070	-		928,864	1,032,091	\$ 21					\$ -	\$ 1,032,091
Preschool Education Aid	12-495-034-5120-086	7/1/11-6/30/12	792,414	(79,241)		79,241							\$ -	\$ -
New Jersey Nonpublic Aid:														
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	10,607	73					\$ 73				\$ -	\$ -
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	3,276	-		3,276	2,899						\$ 377	\$ 2,899
Technology Initiative Aid	13-100-034-5120-373	7/1/12-6/30/13	1,209	-		1,209	1,178						\$ 31	\$ 1,178
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	4,547	-		4,547							\$ 4,547	\$ -
Auxiliary Services:														
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	103,674	-		103,674	10,869						\$ 92,805	\$ 10,869
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	8,520	2,586					2,586				\$ -	\$ -
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	5,968	-		5,968	853						\$ 5,115	\$ 853
Transportation	13-100-034-5120-067	7/1/12-6/30/13	9,130	-		9,130	9,130						\$ -	\$ 9,130
Handicapped Services:														
Examination and Classification	13-100-034-5120-068	7/1/12-6/30/13	11,785	-		11,785	3,342						\$ 8,443	\$ 3,342
Corrective Speech	12-100-034-5120-068	7/1/11-6/30/12	18,167	6,129					6,129				\$ -	\$ -
Corrective Speech	13-100-034-5120-068	7/1/12-6/30/13	11,718	-		11,718	3,315						\$ 8,403	\$ 3,315
Supplemental Instruction	12-100-034-5120-068	7/1/11-6/30/12	12,489	-		12,489	1,388						\$ 11,101	\$ 1,388
Total Special Revenue Fund			(70,453)	-		1,171,901	1,065,065	21	8,788				\$ (103,206)	\$ 1,065,065

HILLSIDE BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover (Waikover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2013		Due to Grantor	Memo Only	
										(Accounts Receivable)	Unearned Revenue		GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	\$ 17,542	\$ (3,066)	\$ -	\$ 2,945	\$ 17,603	-	-	\$ (121)	-	-	\$ (121)	\$ -
National School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	17,603	-	-	15,296	-	-	-	(2,307)	-	-	(2,307)	17,603
Total Enterprise Fund				(3,066)	18,241	17,603	17,603	-	-	(2,428)	-	-	(2,428)	17,603
State of New Jersey Educational Facilities Construction and Financing														
Hurden Looker Project	2190-080-09-1001	N/A	133,734	(133,734)	-	133,734	-	-	-	-	-	-	-	-
Total Capital Projects Fund				(133,734)	133,734	-	-	-	-	-	-	-	-	-
Grand Total				(2,863,001)	27,759,000	27,619,236	27,619,236	21	\$ 8,788	(2,862,826)	-	\$ 130,822	(83,539)	27,619,236
Less On-Behalf TPAF Pension and Annuity Aid														
T.P.A.F. - Pension- Post Ret. Medical	13-495-034-5095-001	7/1/12-6/30/13	1,686,451	-	-	1,686,451	1,686,451	-	-	-	-	-	-	1,686,451
T.P.A.F. Pension - NCGI Premium	13-495-034-5095-006	7/1/12-6/30/13	74,548	-	-	74,548	74,548	-	-	-	-	-	-	74,548
T.P.A.F. Pension - Normal Cost	13-495-034-5095-007	7/1/12-6/30/13	1,416,899	-	-	1,416,899	1,416,899	-	-	-	-	-	-	1,416,899
Total for State Financial Assistance Determination				(2,863,001)	\$ 24,581,102	\$ 24,441,338	\$ 24,441,338	\$ 21	\$ 8,788	(2,862,826)	\$ -	\$ 130,822	(83,539)	24,441,338

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 basic 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "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 basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 \$104,899 for the general fund and a decrease of \$60,596 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 basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 181,682	\$ 26,431,669	\$ 26,613,351
Special Revenue Fund	1,771,773	1,041,231	2,813,004
Food Service Fund	<u>995,702</u>	<u>17,603</u>	<u>1,013,305</u>
Total Financial Assistance	<u>\$ 2,949,157</u>	<u>\$ 27,490,503</u>	<u>\$ 30,439,660</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, 2013**

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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,650,548 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$1,491,447 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,686,451 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions 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 basic financial statements and the amount subject to State single audit and major program determination.

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367</u>	<u>NCLB - Title II</u>
<u>84.027</u>	<u>IDEA - Basic</u>
<u>84.173</u>	<u>IDEA - Preschool</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.558</u>	<u>After School Snack</u>
<u>10.582</u>	<u>Fresh Fruit and Vegetable Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>

Dollar threshold used to determine Type A Programs \$ 300,000

Auditee qualified as low-risk auditee? yes X no

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013**

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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, 2013

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR STATE AWARDS

There are none.

**HILLSIDE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04, as amended.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1

The audit revealed that copies of the pupil's standardized test scores are not attached to the Form 407-1 as required.

Status

Corrective action has been implemented.