

**HILLSIDE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Hillside, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Hillside Board of Education**

**Hillside, New Jersey**

**For The Fiscal Year Ended June 30, 2015**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



**BOARD OF EDUCATION  
TOWNSHIP OF HILLSIDE  
195 Virginia Street  
Hillside, New Jersey 07205  
908-352-7664, ext. 6428  
Fax: 908-282-5839  
kweinheimer@hillsidek12.org**

**Kenneth R. Weinheimer  
Business Administrator/Board Secretary**

November 23, 2015

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, 2015 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, 2015, 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 15-08 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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



**REPORTING ENTITY AND ITS SERVICES (Continued)**

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2014-15	3,084	2,920	94.0%
2013-14	3,038	2,834	93.41
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

**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, 2015) 3,099.

The district presently has six schools (AP Morris ECC, Calvin Coolidge, George Washington, Hurden Looker, Walter O. Krumbiegel, and Hillside 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 core facilities.

Funds from 2013-14 continued to be used for improvement to facilities. Along with a grant from the State of New Jersey (ROV IV) work continues to construct secure vestibules at the main entrances to the schools. Window curtain walls are in the process of being replaced with new systems at the high school in the "new wing" and the physical education department. Sidewalk replacement occurred at the administration building, the high school, Calvin Coolidge, Hurden Looker and Walter O. Krumbiegel schools. Additional window replacement took place at Hurden Looker, AP Morris ECC and George Washington schools. At the high school the clock system was replaced and media center painted. Certain interior doors were replaced at Hurden Looker, Walter O. Krumbiegel schools. The courtyard play area at AP Morris ECC was surfaced with a pour-in-place rubber system.

The annual operating budget increased for the 2014-15 year within the two (2) percent limit established by the State of New Jersey and therefore did not require a public vote in 2014.

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, novels, educational programs, and classroom supplies. In addition, the purchase of a teacher evaluation management system was completed. We are also continuing with the maintenance and upgrade of buildings and grounds to the extent the budget allows.

### **DEMOGRAPHICS OF STUDENT POPULATION**

African American	66%
White	10%
Hispanic	21%
Other	3%

### **MAJOR INITIATIVES:**

During the 2014-2015 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. An infusion of technology into classrooms and the academic program served to ready students for PARCC and better engaged students in a rigorous academic program. Tutoring and extended day programs were increased and additional teaching staff were employed to afford more direct instruction for students. Ongoing professional development, always a component of new instructional initiatives, was provided to ensure success in these efforts. Specifically, emphasis on preparing teachers on infusing technology into the curriculum, google classroom, and instructional strategies in support of the 2014-2015 state mandated PARCC testing was ongoing in the 2014-15 school year.

**Mathematics, Language Arts and Science Education Grades K – 12:** The district through the use of consultants provided professional developments in mathematics and language arts. Teachers were provided in-class support for mathematics instruction and training to understand and utilize the Mathematical Practices in their instruction. In the area of language arts, support in writing workshop and critical thinking were provided to teachers at all grade levels. The district continues to participate in a partnership with neighboring school districts to support teachers in the area of improving science instruction. With the implementation of the Next Generation Science Standards (NGSS), the district will work collaboratively with the partnership districts to develop curriculum and select materials to implement the revised curriculum. New mathematics textbooks were purchased for the 2015-2016 school year for grades 3-5 to support improved practice and curriculum alignment in mathematics.

**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, 2015.

**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, 2015, the District had no outstanding long-term debt or 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.

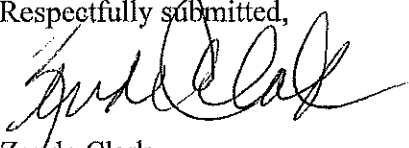
**OTHER INFORMATION:**

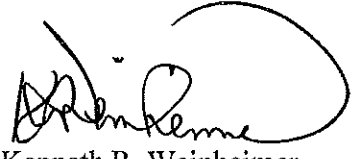
**INDEPENDENT AUDIT:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The board selected the independent firm of Lerch, Vinci & Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was 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:**

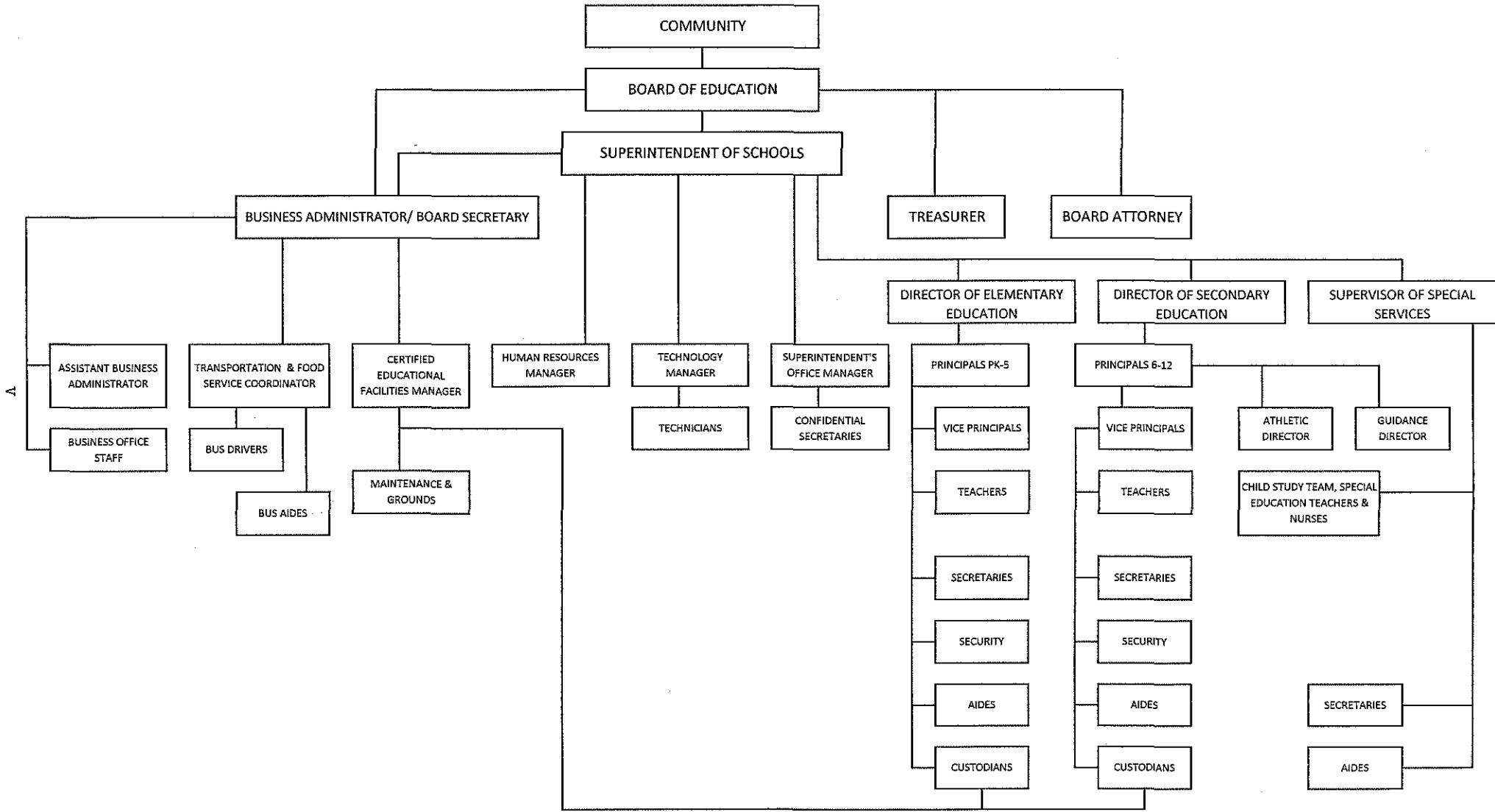
The Hillside School Board is to be recognized for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing its full support to the development and maintenance of our financial operations. The preparation and content of this report could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

Respectfully submitted,

  
Zerde Clark  
Interim 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, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kisha Chiles-Bass	2015
George Cook	2016
Angela Menza	2015
Christopher James, Vice President	2016
Calvin Lofton, President	2015
Peter McKnight	2017
Nancy Mondella	2016
Nagy Sileem	2017
Rayba Watson	2017

Other Officials

Dr. Frank Deo, Superintendent of Schools

Kenneth R. Weinheimer, Business Administrator/Board Secretary

Adams, Gutierrez & Lattiboudere, LLC, Board Attorney

**HILLSIDE SCHOOL DISTRICT  
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2015**

**ATTORNEY**

Adams, 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

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

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

## 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, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Hillside Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Hillside Board of Education.

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

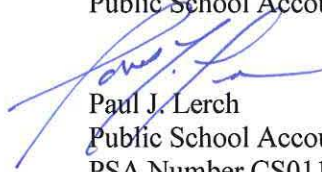
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 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 23, 2015

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

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, 2015. 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 2015 are as follows:

- District-Wide - Overall revenues were \$66,234,057. General revenues accounted for \$47,442,390 or 72 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,791,667 or 28 percent of total revenues of \$66,234,057.
- District-Wide - The School District had \$63,064,925 in expenses; only \$18,791,667 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$47,442,390 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 \$3,022,697, an increase of \$1,443,522 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2015, unassigned fund balance for the General Fund was \$(1,138,929), a decrease of \$48,978.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**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, 2015**

**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, 2015**

**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, 2015**

**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 2015 and 2014 which for 2015 and 2014 were \$4,342,658 and \$1,173,526, 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, 2015**

Table A-1  
Statement of Net Position  
As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 4,804,135	\$ 4,749,248	\$ 352,360	\$ 321,450	\$ 5,156,495	\$ 5,070,698
Capital Assets	16,610,812	14,872,057	89,846	89,289	16,700,658	14,961,346
<b>Total Assets</b>	<u>21,414,947</u>	<u>19,621,305</u>	<u>442,206</u>	<u>410,739</u>	<u>21,857,153</u>	<u>20,032,044</u>
Deferred Amounts on Net Pension Liability	552,786	-	-	-	552,786	-
<b>Total Assets and Deferred</b>	<u>21,967,733</u>	<u>19,621,305</u>	<u>442,206</u>	<u>410,739</u>	<u>22,409,939</u>	<u>20,032,044</u>
<b>Outflow of Resources</b>						
Current Liabilities	1,781,438	3,170,073	74,635	87,379	1,856,073	3,257,452
Non-Current Liabilities	15,356,658	15,598,144	-	-	15,356,658	15,598,144
<b>Total Liabilities</b>	<u>17,138,096</u>	<u>18,768,217</u>	<u>74,635</u>	<u>87,379</u>	<u>17,212,731</u>	<u>18,855,596</u>
Deferred Amounts on Net Pension Liability	848,245	-	-	-	848,245	-
Deferred Commodities Revenue	-	-	6,305	2,922	6,305	2,922
<b>Total Liabilities and Deferred</b>	<u>17,986,341</u>	<u>18,768,217</u>	<u>80,940</u>	<u>90,301</u>	<u>18,067,281</u>	<u>18,858,518</u>
<b>Inflow of Resources</b>						
Net Position:						
Net Investment in capital assets	16,610,812	14,872,057	89,846	89,289	16,700,658	14,961,346
Restricted	2,712,518	1,862,718	-	-	2,712,518	1,862,718
Unrestricted	(15,341,938)	(15,881,687)	271,420	231,149	(15,070,518)	(15,650,538)
<b>Total Net Position</b>	<u>\$ 3,981,392</u>	<u>\$ 853,088</u>	<u>\$ 361,266</u>	<u>\$ 320,438</u>	<u>\$ 4,342,658</u>	<u>\$ 1,173,526</u>

**Governmental activities.** Governmental activities increased the District's net position by \$3,128,304. Key elements of this increase are as follows: (see Table A-2)

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 295,075	\$ 657,471	\$ 412,934	\$ 454,267	\$ 708,009	\$ 1,111,738
Operating Grants and Contributions	15,583,774	9,965,423	1,169,874	1,083,317	16,753,648	11,048,740
Capital Grants & Contributions	1,330,010	77,564			1,330,010	77,564
General Revenues						
Property Taxes	28,212,610	26,561,400			28,212,610	26,561,400
State and Federal Aid - Unrestricted	19,080,335	19,010,557			19,080,335	19,010,557
<b>Total Revenues</b>	<u>64,501,804</u>	<u>56,272,415</u>	<u>1,582,808</u>	<u>1,537,584</u>	<u>66,084,612</u>	<u>57,809,999</u>
<b>Expenses</b>						
Instruction						
Regular	26,795,030	22,919,477			26,795,030	22,919,477
Special Education	9,236,929	9,982,041			9,236,929	9,982,041
Other Instruction	1,595,651	1,599,474			1,595,651	1,599,474
School Sponsored Activities and Ath.	777,843	700,647			777,843	700,647
Support Services						
Student and Instruction Related Serv.	7,909,394	6,574,029			7,909,394	6,574,029
Attendance and Social Work	15,664	15,603			15,664	15,603
Educational Media/School Library	935,502	882,624			935,502	882,624
General Administrative Services	1,264,707	1,020,964			1,264,707	1,020,964
School Administrative Services	4,066,728	3,628,876			4,066,728	3,628,876
Plant Operations and Maintenance	6,197,970	6,224,513			6,197,970	6,224,513
Pupil Transportation	1,543,651	1,482,745			1,543,651	1,482,745
Central Services and Info. Technology	1,183,876	1,027,351			1,183,876	1,027,351
Food Services	-	-	1,541,980	1,515,374	1,541,980	1,515,374
<b>Total Expenses</b>	<u>61,522,945</u>	<u>56,058,344</u>	<u>1,541,980</u>	<u>1,515,374</u>	<u>63,064,925</u>	<u>57,573,718</u>
Change in Net Position	2,978,859	214,071	40,828	22,210	3,019,687	236,281
Net Position, Beginning of Year	853,088	14,943,212	320,438	298,228	1,173,526	15,241,440
Prior Year Adjustment	-	(14,404,969)	-	-	-	(14,404,969)
Net Position, End of Year	<u>\$ 3,831,947</u>	<u>\$ 752,314</u>	<u>\$ 361,266</u>	<u>\$ 320,438</u>	<u>\$ 4,193,213</u>	<u>\$ 1,072,752</u>

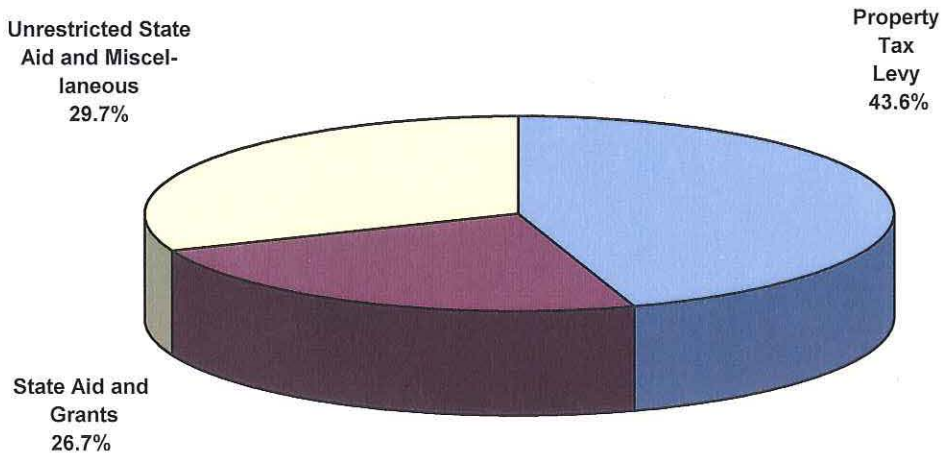
**HILLSIDE BOARD OF EDUCATION  
HILLSIDE, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

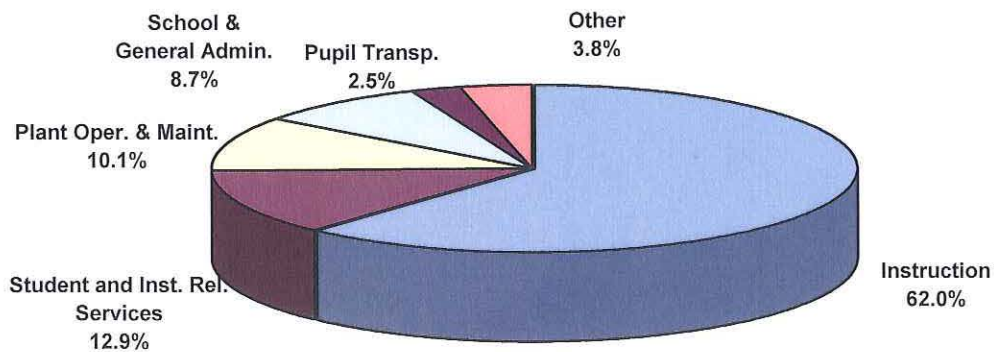
**Governmental activities.** The District's total governmental revenues were \$64,651,249. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$47,442,390, or 73% of total revenues. Funding from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$17,208,859 or 27%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$38,405,453 (62%), student support services totaled \$23,117,492 (38%). (See Table A-2.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2015



Expenditures by Type- Governmental Activities  
For Fiscal Year 2015



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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 26,795,030	\$ 22,919,477	\$ 19,926,015	\$ 19,772,966
Special Education	9,236,929	9,982,041	4,243,227	6,100,713
Other Instruction	1,595,651	1,599,474	752,739	743,713
School Sponsored Activities and Athletics	777,843	700,647	777,843	700,647
Support Services				
Student and Instruction Related Svcs.	7,909,394	6,574,029	6,204,237	5,126,247
Attendance and Social Work	15,664	15,603	15,664	15,603
Educational Media/School Library	935,502	882,624	790,332	821,939
General Administrative Services	1,264,707	1,020,964	1,187,863	986,573
School Administrative Services	4,066,728	3,628,876	3,258,607	3,283,269
Plant Operations and Maintenance	6,197,970	6,224,513	4,661,033	5,450,302
Pupil Transportation	1,543,651	1,482,745	1,445,643	1,384,377
Central Services	1,183,876	1,027,351	1,050,883	971,537
Total Governmental Activities	<u>\$ 61,522,945</u>	<u>\$ 56,058,344</u>	<u>\$ 44,314,086</u>	<u>\$ 45,357,886</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$1,541,980. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a net gain of \$40,828.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**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 \$3,022,697. At June 30, 2014, the fund balance was \$1,579,175.

**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 \$59,403,385 and expenditures were \$57,959,863.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2015 and 2014.

**Revenues**

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Local Sources	\$ 28,681,831	\$ 27,348,664	\$ 1,333,167	4.87%
State Sources	28,799,996	26,997,291	1,802,705	6.68%
Federal Sources	<u>1,921,558</u>	<u>2,027,234</u>	<u>(105,676)</u>	-5.21%
 Total Revenues	 <u>\$ 59,403,385</u>	 <u>\$ 56,373,189</u>	 <u>\$ 3,030,196</u>	 5.38%

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2015 and 2014.

**Expenditures**

	<u>Years Ended</u>		<u>Amount of</u>	<u>Amount of</u>
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>Change</u>
Current				
Instruction	\$ 33,986,413	\$ 34,643,412	\$ (656,999)	-1.90%
Undistributed Expenditures	21,306,091	20,524,216	781,875	3.81%
Capital Outlay	<u>2,667,359</u>	<u>831,260</u>	<u>1,836,099</u>	220.88%
 Total Expenditures	 <u>\$ 57,959,863</u>	 <u>\$ 55,998,888</u>	 <u>\$ 1,960,975</u>	 3.50%

**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:

- Once again, the district secured e-rate (Universal Services Fund monies) funding resulting in a total of \$175,644 of offsetting revenues to support basic telecommunications and new technology resources, if applicable.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**Capital Assets.** At the end of the fiscal years 2015 and 2014, 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>2015</u>	<u>2014</u>
Construction in Progress	\$ 2,620,874	\$ 159,240
Buildings and Building Improvements	20,972,520	20,972,520
Machinery and Equipment	<u>4,884,621</u>	<u>4,678,896</u>
 Total	 28,478,015	 25,810,656
 Less: Accumulated Depreciation	 <u>11,867,203</u>	 <u>10,938,599</u>
 Total	 <u>\$ 16,610,812</u>	 <u>\$ 14,872,057</u>

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

**Debt Administration.** As of June 30, 2015 and 2014 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>2015</u>	<u>2014</u>
Compensated Absences Payable	\$ 1,123,065	\$ 1,193,175
Net Pension Liability	<u>14,233,593</u>	<u>14,404,969</u>
 Total	 <u>\$ 15,356,658</u>	 <u>\$ 15,598,144</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, 2015**

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

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a history of defeated budgets the overall financial condition of the District has continued to improve from year-to-year. (Note that the Board of Education changed the budget vote to November and for the 2014-15 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.

For the 2014-15 year, in the category of capital reserve, the board deposited \$1,900,000 and subsequently withdrew \$29,505 in order to provide the local share for five (5) capital projects funded at 54% through the Schools Development Authority.

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 continued pride, confidence and enthusiasm that we look to past accomplishments and future opportunities.

With funds from the 2014-15 fiscal year we continued to upgrade a number of areas in and around the schools. These included extensive concrete walkway replacements, improvements to the Woodfield Stadium bleachers, window replacement, ceramic floor tile encapsulation, and parking lot paving.

Significant concerns remain regarding facilities that have long been neglected due to numerous budget defeats and resulting financial limitations. A major initiative of the board in 2014-15 was to construct security vestibules at all the schools and replace aging exterior doors to make the buildings more secure. Another project was replacement of a curtain (window) wall system at Hillside High School that will improve the learning environment by "keeping the elements" (wind and rain) out of the building while providing cost-savings with updated insulated systems. The vestibules, doors and window systems are, with the exception of Calvin Coolidge School, state-funded through ROD IV grants.

During 2014-15, the Board of Education worked on a plan to address high enrollment at Walter O. Krumbiegel Middle School and is now embarking on a project to add approximately 17,000 square feet to George Washington School which will house the 7<sup>th</sup> and 8<sup>th</sup> grades. Five-year lease purchase financing along with capital reserve money will fund this work.

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

**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, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,503,750	\$ 118,182	\$ 2,621,932
Receivables, net			
Receivables from Other Governments	2,239,776	198,841	2,438,617
Other	79,970	675	80,645
Internal Balances	(19,361)	19,361	-
Inventory		15,301	15,301
Capital Assets, net:			
Not Being Depreciated	2,620,874	89,846	2,710,720
Being Depreciated	13,989,938	-	13,989,938
Total Assets	21,414,947	442,206	21,857,153
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	552,786	-	552,786
Total Assets and Deferred Outflow of Resources	21,967,733	442,206	22,409,939
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,160,322	71,086	1,231,408
Unearned Revenue	621,116	3,549	624,665
Noncurrent Liabilities			
Due within one year	736,000		736,000
Due beyond one year	14,620,658	-	14,620,658
Total Liabilities	17,138,096	74,635	17,212,731
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	848,245		848,245
Deferred Commodities Revenue	-	6,305	6,305
Total Liabilities and Deferred Inflow of Resources	17,986,341	80,940	18,067,281
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,610,812	89,846	16,700,658
Restricted for:			
Capital Projects	2,712,518		2,712,518
Unrestricted	(15,341,938)	271,420	(15,070,518)
Total Net Position	\$ 3,981,392	\$ 361,266	\$ 4,342,658

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 26,795,030		\$ 6,869,015		\$ (19,926,015)		\$ (19,926,015)
Special Education	9,236,929	\$ 295,075	4,698,627		(4,243,227)		(4,243,227)
Other Instruction	1,595,651		839,006	\$ 3,906	(752,739)		(752,739)
School Sponsored Activities and Athletics	777,843		-		(777,843)		(777,843)
Support Services:							
Student & Instruction Related Services	7,909,394	-	1,705,157		(6,204,237)		(6,204,237)
Attendance and Social Work	15,664		-		(15,664)		(15,664)
Educational Media/School Library	935,502		145,170		(790,332)		(790,332)
School Administrative Services	4,066,728		808,121		(3,258,607)		(3,258,607)
General Administrative Services	1,264,707	-	76,844		(1,187,863)		(1,187,863)
Plant Operations and Maintenance	6,197,970	-	210,833	1,326,104	(4,661,033)		(4,661,033)
Pupil Transportation	1,543,651	-	98,008		(1,445,643)		(1,445,643)
Central Services and Information Technology	1,183,876	-	132,993	-	(1,050,883)		(1,050,883)
Total Governmental Activities	61,522,945	295,075	15,583,774	1,330,010	(44,314,086)	-	(44,314,086)
Business-Type Activities:							
Food Service	1,541,980	412,934	1,169,874	-	-	\$ 40,828	40,828
Total Business-Type Activities	1,541,980	412,934	1,169,874	-	-	40,828	40,828
Total Primary Government	\$ 63,064,925	\$ 708,009	\$ 16,753,648	\$ 1,330,010	(44,314,086)	40,828	(44,273,258)
General Revenues:							
Property Taxes, levied for general purposes, net					28,212,610		28,212,610
State and Federal Aid - Unrestricted					19,080,335		19,080,335
Miscellaneous Income					149,445		149,445
Total General Revenues					47,442,390		47,442,390
Change in Net Position					3,128,304	40,828	3,169,132
Net Position—Beginning of Year (as Restated)					853,088	320,438	1,173,526
Net Position—End of Year					\$ 3,981,392	\$ 361,266	\$ 4,342,658

**FUND FINANCIAL STATEMENTS**

**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,503,750			\$ 2,503,750
Receivables From Other Governments	85,582	\$ 396,757	\$ 1,757,437	2,239,776
Due from Other Funds	1,155,933			1,155,933
Other Receivables	<u>79,970</u>	<u>-</u>	<u>-</u>	<u>79,970</u>
Total Assets	<u>\$ 3,825,235</u>	<u>\$ 396,757</u>	<u>\$ 1,757,437</u>	<u>\$ 5,979,429</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 421,465	\$ 58,291	\$ 25,709	\$ 505,465
Accrued Salaries and Wages	604,369	29,231		633,600
Other Liabilities	2,500			2,500
Due to Other Funds	19,361	133,133	1,022,800	1,175,294
Intergovernmental Accounts Payable		18,757		18,757
Deferred Revenue	<u>-</u>	<u>252,679</u>	<u>368,437</u>	<u>621,116</u>
Total Liabilities	<u>1,047,695</u>	<u>492,091</u>	<u>1,416,946</u>	<u>2,956,732</u>
Fund Balances:				
Restricted				
Capital Reserve	2,372,027			2,372,027
Capital Projects			340,491	340,491
Assigned				
Encumbrances	998,984		-	998,984
Designated for Subsequent Year's Expenditures	500,903			500,903
SEMI-ARRA	44,555			44,555
Unassigned				
General Fund	(1,138,929)			(1,138,929)
Special Revenue Fund	<u>-</u>	<u>(95,334)</u>	<u>-</u>	<u>(95,334)</u>
Total Fund Balances (Deficit)	<u>2,777,540</u>	<u>(95,334)</u>	<u>340,491</u>	<u>3,022,697</u>
Total Liabilities and Fund Balances	<u>\$ 3,825,235</u>	<u>\$ 396,757</u>	<u>\$ 1,757,437</u>	

**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 \$28,478,015 and the accumulated depreciation is \$ 11,867,203. 16,610,812

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

Deferred Outflows of Resources	\$ 552,786	
Deferred Inflows of Resources	<u>(848,245)</u>	(295,459)

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

Net Pension Liability	(14,233,593)	
Compensated Absences	<u>(1,123,065)</u>	<u>(15,356,658)</u>

**Net position of governmental activities (Exhibit A-1) \$ 3,981,392**

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

**HILLSIDE BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Property Tax Levy	\$ 28,212,610			\$ 28,212,610
Tuition	295,075			295,075
Miscellaneous	149,445	\$ 24,701	-	174,146
Total - Local Sources	28,657,130	24,701	-	28,681,831
State Sources	26,496,957	976,935	\$ 1,326,104	28,799,996
Federal Sources	239,175	1,682,383	-	1,921,558
Total Revenues	<u>55,393,262</u>	<u>2,684,019</u>	<u>1,326,104</u>	<u>59,403,385</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	21,913,545	1,388,171		23,301,716
Special Education Instruction	7,596,504	857,002		8,453,506
Other Instruction	845,222	621,997		1,467,219
School Sponsored Activities and Athletics	763,972			763,972
Support Services				
Student & Instruction Related Services	6,733,257	335,147		7,068,404
Attendance and Social Work	15,305			15,305
Educational Media/School Library	833,411			833,411
School Administrative Services	3,570,962			3,570,962
General Administrative Services	1,088,216			1,088,216
Plant Operations and Maintenance	6,108,615			6,108,615
Pupil Transportation	1,535,159			1,535,159
Central Services and Information Technology	1,086,019			1,086,019
Capital Outlay	287,041	3,906	2,376,412	2,667,359
Total Expenditures	<u>52,377,228</u>	<u>3,206,223</u>	<u>2,376,412</u>	<u>57,959,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,016,034</u>	<u>(522,204)</u>	<u>(1,050,308)</u>	<u>1,443,522</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	528,435	29,505	557,940
Transfers Out	(557,940)	-	-	(557,940)
Total Other Financing Sources and (Uses)	<u>(557,940)</u>	<u>528,435</u>	<u>29,505</u>	<u>-</u>
Net Change in Fund Balances	2,458,094	6,231	(1,020,803)	1,443,522
Fund Balance , Beginning of Year	<u>319,446</u>	<u>(101,565)</u>	<u>1,361,294</u>	<u>1,579,175</u>
Fund Balance, End of Year	<u>\$ 2,777,540</u>	<u>\$ (95,334)</u>	<u>\$ 340,491</u>	<u>\$ 3,022,697</u>

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, 2015**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 1,443,522**

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

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

Capital Outlay	\$ 2,667,359	
Depreciation Expense	<u>(928,604)</u>	1,738,755

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

Increase in Pension Expenses	(124,083)	
Decrease in Compensated Absences	<u>70,110</u>	<u>(53,973)</u>

**Change in net position of governmental activities (Exhibit A-2)** **\$ 3,128,304**

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2015**

		<b>Business-Type            Activities            Enterprise Fund  <u>Food Services</u></b>
<b>ASSETS</b>		
Current Assets		
Cash	\$	118,182
Intergovernmental Receivable		
State		3,659
Federal		195,182
Due From Other Funds		19,361
Other Accounts Receivable		675
Inventories		<u>15,301</u>
Total Current Assets		<u>352,360</u>
Capital Assets		
Equipment		395,184
Less: Accumulated Depreciation		<u>(305,338)</u>
Total Capital Assets, Net		<u>89,846</u>
Total Assets		<u>442,206</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable		71,086
Unearned Revenue		<u>3,549</u>
Total Current Liabilities		<u>74,635</u>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Commodities Revenue		<u>6,305</u>
Total Liabilities and Deferred Inflow of Resources		<u>80,940</u>
<b>NET POSITION</b>		
Investment in Capital Assets		89,846
Unrestricted		<u>271,420</u>
Total Net Position	\$	<u>361,266</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, 2015**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 383,669
Special Functions	28,897
Miscellaneous	<u>368</u>
Total Operating Revenues	<u>412,934</u>
<b>OPERATING EXPENSES</b>	
Salaries and Employee Benefits	593,040
Cost of Sales	848,384
Depreciation	11,286
Other Purchased Services	77,216
Supplies and Materials	<u>12,054</u>
Total Operating Expenses	<u>1,541,980</u>
Operating (Loss)	<u>(1,129,046)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	17,135
Federal Sources	
School Breakfast Program	203,260
National School Lunch Program	909,165
After School Snack Program	<u>40,314</u>
Total Nonoperating Revenues	<u>1,169,874</u>
Change in Net Position	40,828
Total Net Position - Beginning of Year	<u>320,438</u>
Total Net Position - End of Year	<u>\$ 361,266</u>

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

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 405,294
Cash Payments for Employees' Salaries and Benefits	(593,040)
Cash Payments to Suppliers for Goods and Services	<u>(827,974)</u>
Net Cash (Used) by Operating Activities	<u>(1,015,720)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,054,103</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,054,103</u>
<b>Cash Flows from Capital Financing Activities</b>	
Acquisition of Capital Assets	<u>(11,843)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(11,843)</u>
Net Increase in Cash and Cash Equivalents	26,540
Cash and Cash Equivalents, Beginning of Year	<u>91,642</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 118,182</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating (Loss)	<u>\$ (1,129,046)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	11,286
Non Cash Federal Assistance-Food Distribution Program	121,616
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(12,600)
Increase/(Decrease) in Deferred Commodities Revenue	3,383
Increase/(Decrease) in Deferred Revenue	(143)
(Increase)/Decrease in Accounts Receivable	(7,640)
(Increase)/Decrease in Inventory	<u>(2,576)</u>
Total Adjustments	<u>113,326</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (1,015,720)</u></u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 124,999

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, 2015**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 294,616	\$ 2,778	\$ 357,041
Total Assets	<u>294,616</u>	<u>2,778</u>	<u>\$ 357,041</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 276,962
Intergovernmental Accounts Payable	11,547		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>80,079</u>
Total Liabilities	<u>11,547</u>	<u>-</u>	<u>\$ 357,041</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 283,069</u>	<u>\$ 2,778</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, 2015**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>		
Contributions		
District	\$ 35,000	
Employee	48,443	-
	<u>83,443</u>	<u>-</u>
Investment Earnings		
Interest	-	\$ 1
	<u>-</u>	<u>1</u>
Total Additions	<u>83,443</u>	<u>1</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	95,414	-
	<u>95,414</u>	<u>-</u>
Total Deductions	<u>95,414</u>	<u>-</u>
Change in Net Position	(11,971)	1
Net Position, Beginning of Year	<u>295,040</u>	<u>2,777</u>
Net Position, End of Year	<u>\$ 283,069</u>	<u>\$ 2,778</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, 2015**

**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 2015, the District adopted the following GASB statements as required:

- GASB 68, *Accounting and Financial Reporting for Pensions*. 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.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**Fund Financial Statements (Continued)**

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.

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

**Reclassifications**

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

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

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

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

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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

***4. Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

**4. *Capital Assets (Continued)***

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

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

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

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

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

HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

**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.)

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

**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.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

*ARRA/SEMI – Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

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

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

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, 2015

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 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.



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**A. Budgetary Information (Continued)**

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$2,031,557. The increase was funded by additional capital reserve appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**B. Deficit Fund Equity**

The District has an unassigned fund deficit of \$1,138,929 in the General Fund and \$95,334 in the Special Revenue Fund as of June 30, 2015 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 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**B. Deficit Fund Equity (Continued)**

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 \$1,138,929 in the General Fund and \$95,334 in the Special Revenue Fund are less than or equal to the delayed state aid payments.

**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, 2015 is as follows:

Beginning balance		\$ 501,424
Increased by		
Interest earnings	\$ 108	
Deposits approved by Board Resolution	<u>1,900,000</u>	
Total Increases		1,900,108
Decreased by		
Approved by Board Resolution	<u>29,505</u>	
Total Withdrawals		<u>29,505</u>
Ending balance		<u>\$ 2,372,027</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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 are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$3,276,367 and bank and brokerage firm balances of the Board's deposits amounted to \$5,128,778. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>5,128,778</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 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, 2015, the Board had no outstanding investments.

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

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

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

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**B. Receivables**

Receivables as of June 30, 2015 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>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 79,970			\$ 675	\$ 80,645
Intergovernmental	<u>85,582</u>	<u>\$ 396,757</u>	<u>\$ 1,757,437</u>	<u>198,841</u>	<u>2,438,617</u>
Gross Receivables	165,552	396,757	1,757,437	199,516	2,519,262
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 165,552</u>	<u>\$ 396,757</u>	<u>\$ 1,757,437</u>	<u>\$ 199,516</u>	<u>\$ 2,519,262</u>

**C. Unearned Revenue**

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 207,742
Grant Draw Downs Reserved for Encumbrances	44,937
Capital Projects Fund	
Unrealized School Facilities Grant	<u>368,437</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 621,116</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Increases	Decreases	Balance, June 30, 2015
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 159,240	\$ 2,461,634	\$ -	\$ 2,620,874
Total capital assets, not being depreciated	<u>159,240</u>	<u>2,461,634</u>	<u>-</u>	<u>2,620,874</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	20,972,520	-		20,972,520
Machinery and Equipment	4,678,896	205,725	-	4,884,621
Total capital assets being depreciated	<u>25,651,416</u>	<u>205,725</u>	<u>-</u>	<u>25,857,141</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(7,978,303)	(497,928)		(8,476,231)
Machinery and Equipment	(2,960,296)	(430,676)	-	(3,390,972)
Total accumulated depreciation	<u>(10,938,599)</u>	<u>(928,604)</u>	<u>-</u>	<u>(11,867,203)</u>
Total capital assets, being depreciated, net	<u>14,712,817</u>	<u>(722,879)</u>	<u>-</u>	<u>13,989,938</u>
Governmental activities capital assets, net	<u>\$ 14,872,057</u>	<u>\$ 1,738,755</u>	<u>\$ -</u>	<u>\$ 16,610,812</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 417,491	\$ 11,843	(34,150)	\$ 395,184
Total capital assets being depreciated	<u>417,491</u>	<u>11,843</u>	<u>(34,150)</u>	<u>395,184</u>
Less accumulated depreciation for:				
Machinery and Equipment	(328,202)	(11,286)	34,150	(305,338)
Total accumulated depreciation	<u>(328,202)</u>	<u>(11,286)</u>	<u>34,150</u>	<u>(305,338)</u>
Total capital assets, being depreciated, net	<u>89,289</u>	<u>557</u>	<u>-</u>	<u>89,846</u>
Business-type activities capital assets, net	<u>\$ 89,289</u>	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ 89,846</u>

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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	\$ 428,848
Special	106,162
Other	15,118
School Sponsored/Other Instructional	<u>13,871</u>

Total Instruction	<u>563,999</u>
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Support Services

Student and Instruction Related Services	125,620
Attendance	359
Educational Media School Library	26,289
General Administration	12,283
School Administration	73,794
Operation and Plant Maintenance	89,355
Student Transportation	8,492
Central and Other Support Services	<u>28,413</u>

Total Support Services	<u>364,605</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 928,604</u>
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**Business-type activities:**

Food Service Fund	<u>\$ 11,286</u>
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**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

**D. Capital Assets (Continued)**

**Construction Commitments**

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Electrical System Upgrades	\$ 19,945
Window Replacement at Hillside High School	88,999
Window Replacement at AP Morris	79,120
Main Entrance Security Upgrade	61,367
Technology for Security System	81,975
Ceilings, Paintings and Doors at Various Schools	176,323
Sidewalks, Walkways and Curbs	54,130
Doors and Ceilings - Calvin Coolidge and High Schools	87,033
	<hr/>
Total	<u>\$ 648,892</u>

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

The composition of interfund balances as of June 30, 2015, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 19,361
General Fund	Special Revenue Fund	133,133
General Fund	Capital Projects Fund	1,022,800
		<hr/>
Total		<u>\$ 1,175,294</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, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>Special Revenue</u> <u>Fund</u>	<u>Capital Projects</u> <u>Fund</u>	
Transfer Out:			
General Fund	\$ 528,435	\$ 29,505	\$ 557,940
Total	<u>\$ 528,435</u>	<u>\$ 29,505</u>	<u>\$ 557,940</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, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 66,664,353
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 66,664,353</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance,</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2015</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,193,175	\$ -	\$ 70,110	\$ 1,123,065	\$ 70,000
Net Pension Liability	<u>14,404,969</u>	<u>124,083</u>	<u>295,459</u>	<u>14,233,593</u>	<u>666,000</u>
Governmental activity					
Long-term liabilities	<u>\$ 15,598,144</u>	<u>\$ 124,083</u>	<u>\$ 365,569</u>	<u>\$ 15,356,658</u>	<u>\$ 736,000</u>

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



**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

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

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 35,000	\$ 48,443	\$ 95,414	\$ 283,069
2014	50,000	44,702	106,778	295,040
2013	125,000	43,461	113,594	307,116

**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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities (Continued)**

**Pending Litigation –**

**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, 2015, 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. PERS is a cost sharing multi-employer defined benefit pension plan.

**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. TPAF is a cost sharing plan with special funding situations.

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

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

**Other Pension Funds**

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

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

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds (Continued)**

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

**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.

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

**Funding Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 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 fiscal years ended June 30, 2015, 2014 and 2013 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:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 626,723	\$ 1,207,595	\$ 2,647
2014	569,494	949,577	1,586
2013	584,184	1,491,447	-

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,207,595 and \$1,491,447, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$949,577 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,677,704 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$14,233,593 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .07602 percent, which was an increase of .00065 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$753,453 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes of Assumptions	\$ 447,581	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 848,245
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>105,205</u>	<u>-</u>
Total	<u>\$ 552,786</u>	<u>\$ 848,245</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (95,707)
2017	(95,707)
2018	(95,707)
2019	(95,707)
2020	60,672
Thereafter	<u>26,697</u>
	<u>\$ (295,459)</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

<b><u>PERS</u></b>	
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

*Discount Rate*

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%





**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,455,459 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$119,969,003. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

**Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2012

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

*Discount Rate*

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

TPAF

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<u>1% Decrease (3.68%)</u>	<u>Current Discount Rate (4.68%)</u>	<u>1% Increase (5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 144,291,197</u>	<u>\$ 119,969,003</u>	<u>\$ 99,739,300</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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 paid 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 paid 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 state 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](http://www.state.nj.us/treasury/pensions).

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013, OPEB 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, 2015**

**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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$1,917,058, \$1,556,949 and \$1,686,451 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.

**NOTE 5 RESTATEMENT**

On July 1, 2014, the Hillside Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Hillside Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$14,404,969. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$15,258,057 as originally reported to \$853,088 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISONS**



**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 28,212,610	-	\$ 28,212,610	\$ 28,212,610	-
Tuition	140,000	-	140,000	295,075	\$ 155,075
Miscellaneous	80,105	-	80,105	149,445	69,340
<b>Total Local Sources</b>	<b>28,432,715</b>	<b>-</b>	<b>28,432,715</b>	<b>28,657,130</b>	<b>224,415</b>
<b>State Sources</b>					
Equalization Aid	19,007,900	-	19,007,900	19,007,900	-
Special Education Aid	1,798,099	-	1,798,099	1,798,099	-
Transportation Aid	97,953	-	97,953	97,953	-
Security Aid	210,693	-	210,693	210,693	-
Under Adequacy Aid	6,164	-	6,164	6,164	-
Parce Readiness Aid	29,430	-	29,430	29,430	-
Per Pupil Growth Aid	29,430	-	29,430	29,430	-
Extraordinary Special Education Costs Aid - 2013/14	-	-	-	5,229	5,229
Extraordinary Special Education Costs Aid - 2014/15	-	-	-	573,729	573,729
TPAF Pension and Annuity Fund- Post Ret. Medical (Non-Budget)	-	-	-	1,917,058	1,917,058
TPAF Pension and Annuity Fund (Non-Budget Normal Cost	-	-	-	1,126,545	1,126,545
NCGI Premium	-	-	-	81,050	81,050
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,677,704	1,677,704
<b>Total State Sources</b>	<b>21,179,669</b>	<b>-</b>	<b>21,179,669</b>	<b>26,560,984</b>	<b>5,381,315</b>
<b>Federal Sources</b>					
SEMI-ARRA	-	-	-	44,555	44,555
Medicaid Reimbursement	45,306	-	45,306	194,620	149,314
<b>Total Federal Sources</b>	<b>45,306</b>	<b>-</b>	<b>45,306</b>	<b>239,175</b>	<b>193,869</b>
<b>Total Revenues</b>	<b>49,657,690</b>	<b>-</b>	<b>49,657,690</b>	<b>55,457,289</b>	<b>5,799,599</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool/Kindergarten	641,526	\$ (56,026)	585,500	585,500	-
Grades 1-5	5,114,340	(112,347)	5,001,993	4,999,118	2,875
Grades 6-8	3,124,105	52,036	3,176,141	3,168,689	7,452
Grades 9-12	5,175,740	(287,008)	4,888,732	4,872,173	16,559
Home Instruction	6,400	18,886	25,286	25,285	1
Purchased Professional-Educational Services	5,500	3,360	8,860	4,977	3,883
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	52,000	(2,296)	49,704	49,703	1
Purchased Professional-Educational Services	-	36,390	36,390	33,639	2,751
Other Purchased Services	288,934	(97,085)	191,849	186,839	5,010
General Supplies	490,126	259,657	749,783	562,719	187,064
Textbooks	79,600	(11,997)	67,603	64,073	3,530
Other Objects	2,700	700	3,400	2,105	1,295
<b>Total Regular Programs</b>	<b>14,980,971</b>	<b>(195,730)</b>	<b>14,785,241</b>	<b>14,554,820</b>	<b>230,421</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 106,101	\$ 1,100	\$ 107,201	\$ 107,201	
Other Salaries for Instruction	69,800	(69,800)	-	-	
General Supplies	500	890	1,390	795	\$ 595
<b>Total Learning and/or Language Disabilities</b>	<b>176,401</b>	<b>(67,810)</b>	<b>108,591</b>	<b>107,996</b>	<b>595</b>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	53,050	11,950	65,000	65,000	-
Other Salaries for Instruction	22,900	(22,900)	-	-	-
Supplies and Materials	-	300	300	-	300
<b>Total Behavioral Disabilities</b>	<b>75,950</b>	<b>(10,650)</b>	<b>65,300</b>	<b>65,000</b>	<b>300</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	252,760	40,883	293,643	293,642	1
Other Salaries for Instruction	239,850	(153,419)	86,431	85,345	1,086
General Supplies	2,500	2,606	5,106	3,908	1,198
Textbooks	500	(500)	-	-	-
<b>Total Multiple Disabilities</b>	<b>495,610</b>	<b>(110,430)</b>	<b>385,180</b>	<b>382,895</b>	<b>2,285</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	2,179,824	(5,200)	2,174,624	2,174,624	-
Other Salaries for Instruction	92,000	22,900	114,900	114,899	1
General Supplies	8,000	(519)	7,481	5,190	2,291
Textbooks	1,900	(1,174)	726	726	-
<b>Total Resource Room/Resource Center</b>	<b>2,281,724</b>	<b>16,007</b>	<b>2,297,731</b>	<b>2,295,439</b>	<b>2,292</b>
<b>Autistic</b>					
Salaries of Teachers	249,980	11,547	261,527	261,526	1
Other Salaries for Instruction	218,600	(95,565)	123,035	122,049	986
General Supplies	2,500	(834)	1,666	589	1,077
<b>Total Autistic</b>	<b>471,080</b>	<b>(84,852)</b>	<b>386,228</b>	<b>384,164</b>	<b>2,064</b>
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	60,854	48,883	109,737	109,736	1
Other Salaries for Instruction	68,000	14,636	82,636	82,585	51
General Supplies	500	400	900	300	600
<b>Total Preschool Disabilities - Full - Time</b>	<b>129,354</b>	<b>63,919</b>	<b>193,273</b>	<b>192,621</b>	<b>652</b>
<b>Home Instruction</b>					
Salaries of Teachers	5,128	1,403	6,531	6,531	-
Purchased Professional/Educational Services	7,000	(1,060)	5,940	5,940	-
<b>Total Home Instruction</b>	<b>12,128</b>	<b>343</b>	<b>12,471</b>	<b>12,471</b>	<b>-</b>
<b>Total Special Education</b>	<b>3,642,247</b>	<b>(193,473)</b>	<b>3,448,774</b>	<b>3,440,586</b>	<b>8,188</b>
<b>Bilingual Education</b>					
Salaries of Teachers	483,299	3,910	487,209	487,209	-
General Supplies	2,000	5,855	7,855	5,965	1,890
<b>Total Bilingual Education</b>	<b>485,299</b>	<b>9,765</b>	<b>495,064</b>	<b>493,174</b>	<b>1,890</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
School Sponsored Co-Curricular Activities					
Salaries	\$ 131,670	\$ (8,650)	\$ 123,020	\$ 123,019	\$ 1
Other Salaries for Instruction	4,000	1,180	5,180	5,180	-
Supplies and Materials	2,500	(2,248)	252	251	1
Miscellaneous	600	(600)	-	-	-
<b>Total School Sponsored Co-Curricular Activities</b>	<b>138,770</b>	<b>(10,318)</b>	<b>128,452</b>	<b>128,450</b>	<b>2</b>
School Sponsored Athletics					
Salaries	268,880	15,343	284,223	284,223	-
Other Salaries	10,175	24,693	34,868	34,866	2
Other Purchased Professional & Technical Services	33,950	12,983	46,933	46,730	203
Clean, Repair and Maintenance Services	17,500	(5,816)	11,684	11,143	541
Rentals, Copiers Etc.	250	220	470	470	-
Travel	500	1,082	1,582	135	1,447
Miscellaneous Purchased Services	200	(200)	-	-	-
Supplies and Materials	59,300	33,770	93,070	91,782	1,288
Other Objects	18,250	3,948	22,198	22,197	1
<b>Total School Sponsored Athletics</b>	<b>409,005</b>	<b>86,023</b>	<b>495,028</b>	<b>491,546</b>	<b>3,482</b>
Before/After School Programs					
Salaries Teacher Tutors	52,595	(13,023)	39,572	39,475	97
<b>Total Before/After School Programs</b>	<b>52,595</b>	<b>(13,023)</b>	<b>39,572</b>	<b>39,475</b>	<b>97</b>
Summer School					
Salaries of Teachers	84,639	3,462	88,101	88,098	3
<b>Total Summer School</b>	<b>84,639</b>	<b>3,462</b>	<b>88,101</b>	<b>88,098</b>	<b>3</b>
Community Service Programs					
Salaries	500	(130)	370	257	113
General Supplies	-	130	130	130	-
<b>Total Community Service Programs</b>	<b>500</b>	<b>-</b>	<b>500</b>	<b>387</b>	<b>113</b>
<b>Total Instruction</b>	<b>19,794,026</b>	<b>(313,294)</b>	<b>19,480,732</b>	<b>19,236,536</b>	<b>244,196</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	54,000	15,327	69,327	69,327	-
Tuition to Other LEAs Within the State- Special	1,560,202	(36,605)	1,523,597	1,523,572	25
Tuition to County Voc. School Dist.-Regular	294,500	20,500	315,000	315,000	-
Tuition to County Voc. School Dist.- Special	52,000	32,500	84,500	84,500	-
Tuition to CSSD & Reg. Day Schools	49,976	48,812	98,788	98,788	-
Tuition to Priv. Sch. For the Disabled W/ State	830,410	(216,135)	614,275	612,941	1,334
Tuition to Priv. Sch. For the Disabled Out of State	106,698	(903)	105,795	105,180	615
Tuition- State Facilities	255,606	(32,306)	223,300	223,300	-
Tuition- Other	4,335	(85)	4,250	4,250	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,207,727</b>	<b>(168,895)</b>	<b>3,038,832</b>	<b>3,036,858</b>	<b>1,974</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Attendance and Social Work</b>					
Salaries	\$ 10,475	\$ 1,104	\$ 11,579	\$ 11,578	\$ 1
Total Attendance and Social Work	<u>10,475</u>	<u>1,104</u>	<u>11,579</u>	<u>11,578</u>	<u>1</u>
<b>Health Services</b>					
Salaries	744,046	(20,132)	723,914	723,910	4
Purchased Professional & Technical Services	25,000	18,247	43,247	43,240	7
Supplies and Materials	11,000	8,994	19,994	11,531	8,463
Total Health Services	<u>780,046</u>	<u>7,109</u>	<u>787,155</u>	<u>778,681</u>	<u>8,474</u>
<b>Speech, OT, PT and Related Services</b>					
Salaries	464,256	1,990	466,246	465,837	409
Purchased Professional/Educational Services	56,900	43,330	100,230	100,230	-
Supplies and Materials	500	1,416	1,916	828	1,088
Total Speech, OT, PT and Related Services	<u>521,656</u>	<u>46,736</u>	<u>568,392</u>	<u>566,895</u>	<u>1,497</u>
<b>Other Support Serv. Students - Extra.</b>					
Salaries	85,900	285,990	371,890	371,889	1
Purchased Professional/Educational Services	285,000	89,546	374,546	364,086	10,460
Total Other Supp.Serv. Student - Related Serv.	<u>370,900</u>	<u>375,536</u>	<u>746,436</u>	<u>735,975</u>	<u>10,461</u>
<b>Guidance</b>					
Salaries of Other Professional Staff	663,097	11,060	674,157	674,156	1
Salaries of Secretarial & Clerical Assistants	99,255	20,664	119,919	119,919	-
Purchased Professional/Educational Services	12,350	(1,399)	10,951	10,350	601
Rentals, Copiers Etc.	4,850	(220)	4,630	4,545	85
Travel	-	56	56	56	-
Supplies and Materials	5,000	7,189	12,189	8,425	3,764
Other Objects	375	8	383	375	8
Total Guidance	<u>784,927</u>	<u>37,358</u>	<u>822,285</u>	<u>817,826</u>	<u>4,459</u>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	1,065,998	(85,230)	980,768	980,768	-
Salaries of Secretarial & Clerical Assistants	142,644	(18,635)	124,009	124,008	1
Purchased Professional- Educat. Services	8,000	2,018	10,018	10,018	-
Cleaning, Repair & Maintenance	200	-	200	-	200
Rentals, Copiers, etc.	3,000	-	3,000	2,804	196
Travel	750	1,500	2,250	1,849	401
Supplies and Materials	10,000	18,306	28,306	24,813	3,493
Other Objects	750	-	750	497	253
Total Child Study Teams	<u>1,231,342</u>	<u>(82,041)</u>	<u>1,149,301</u>	<u>1,144,757</u>	<u>4,544</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Improvement of Instruction Services</b>					
Salaries of Supervisors of Instruction	\$ 714,402	\$ 25,536	\$ 739,938	\$ 737,072	\$ 2,866
Salaries of Secretarial & Clerical Assist.	103,224	357	103,581	103,580	1
Other Salaries	7,157	18	7,175	7,034	141
Purchased Professional- Educat. Services	-	9,117	9,117	8,160	957
Travel	1,000	508	1,508	1,307	201
Other Purchased Services	2,700	-	2,700	2,700	-
Supplies and Materials	2,000	(1,736)	264	189	75
Miscellaneous Expenditures	-	1,600	1,600	1,600	-
<b>Total Improvement of Instruction Services</b>	<b>830,483</b>	<b>35,400</b>	<b>865,883</b>	<b>861,642</b>	<b>4,241</b>
<b>Educational Media/School Library</b>					
Salaries	324,796	1,129	325,925	325,924	1
Salaries of Secretarial & Clerical Assist.	74,603	(36,689)	37,914	37,686	228
Salaries of Technology Coordinators	273,545	(36,980)	236,565	221,208	15,357
Rentals, Copiers Etc.	825	66	891	891	-
Supplies and Materials	11,900	5,264	17,164	13,796	3,368
Other Objects	500	-	500	-	500
<b>Total Educational Media/School Library</b>	<b>686,169</b>	<b>(67,210)</b>	<b>618,959</b>	<b>599,505</b>	<b>19,454</b>
<b>Instructional Staff Training Services</b>					
Other Salaries	6,980	(1,067)	5,913	5,259	654
Purchased Professional/Educational Services	10,800	(5,300)	5,500	2,628	2,872
Travel	1,700	1,167	2,867	1,562	1,305
Other Purchased Services	6,700	(310)	6,390	2,527	3,863
Supplies and Materials	1,700	50	1,750	1,450	300
<b>Total Instructional Staff Training Services</b>	<b>27,880</b>	<b>(5,460)</b>	<b>22,420</b>	<b>13,426</b>	<b>8,994</b>
<b>Support Services General Administration</b>					
Salaries	175,875	10,051	185,926	185,925	1
Other Salaries	209,403	724	210,127	210,123	4
Legal Services	85,000	13,040	98,040	98,040	-
Audit Fees	34,000	39,940	73,940	36,970	36,970
Architectural/Engineering Services	35,578	(5,178)	30,400	29,480	920
Other Purchased Professional Services	5,500	9,870	15,370	5,370	10,000
Miscellaneous Purchased Services	219,262	(5,150)	214,112	212,346	1,766
Communications/Telephone	55,451	5,971	61,422	43,948	17,474
BOE Other Purchased Services	1,500	2,248	3,748	3,748	-
Supplies and Materials	11,700	5,760	17,460	13,569	3,891
BOE In-House Training/Meeting Supplies	1,200	2,042	3,242	3,242	-
Judgments Against School District	-	10,000	10,000	10,000	-
Miscellaneous Expenditures	43,000	12,918	55,918	55,657	261
<b>Total Support Services General Administration</b>	<b>877,469</b>	<b>102,236</b>	<b>979,705</b>	<b>908,418</b>	<b>71,287</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	\$ 1,347,234	\$ 2,006	\$ 1,349,240	\$ 1,345,602	\$ 3,638
Salaries of Other Professional Staff	507,448	(34,148)	473,300	472,464	836
Salaries of Secretarial and Clerical Assistants	625,075	(62,029)	563,046	561,385	1,661
Purchased Professional & Technical Services	25,905	3,050	28,955	19,519	9,436
Other Purchased Services	77,073	13,384	90,457	82,786	7,671
Travel	3,010	(500)	2,510	954	1,556
Supplies and Materials	57,277	14,347	71,624	59,443	12,181
Other Objects	7,200	898	8,098	5,723	2,375
<b>Total Support Services School Administration</b>	<b>2,650,222</b>	<b>(62,992)</b>	<b>2,587,230</b>	<b>2,547,876</b>	<b>39,354</b>
<b>Central Services</b>					
Salaries	630,561	2,113	632,674	632,588	86
Purchased Technical Services	35,000	(30)	34,970	34,958	12
Miscellaneous Purchased Services	14,340	2,867	17,207	16,407	800
Travel	500	345	845	819	26
Supplies and Materials	11,395	8,591	19,986	17,700	2,286
Miscellaneous Expenditures	5,100	4,523	9,623	9,622	1
<b>Total Central Services</b>	<b>696,896</b>	<b>18,409</b>	<b>715,305</b>	<b>712,094</b>	<b>3,211</b>
<b>Admin. Info. Tech.</b>					
Salaries	37,209	(7,038)	30,171	30,170	1
Purchased Technical Services	2,200	8,508	10,708	7,055	3,653
Travel	3,900	(2,014)	1,886	590	1,296
Supplies and Materials	1,200	-	1,200	35	1,165
<b>Total Admin. Info. Tech.</b>	<b>44,509</b>	<b>(544)</b>	<b>43,965</b>	<b>37,850</b>	<b>6,115</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	475,024	(20,118)	454,906	454,806	100
Cleaning, Repair and Maintenance Services	686,463	862,721	1,549,184	995,225	553,959
Miscellaneous Purchased Services	1,500	2,655	4,155	4,154	1
General Supplies	99,500	93,737	193,237	130,603	62,634
Other Objects	4,000	(2,340)	1,660	1,660	-
<b>Total Required Maintenance for School Facilities</b>	<b>1,266,487</b>	<b>936,655</b>	<b>2,203,142</b>	<b>1,586,448</b>	<b>616,694</b>
<b>Custodial Services</b>					
Salaries	1,730,267	(7,940)	1,722,327	1,720,754	1,573
Purchased Professional & Technical Services	23,500	(19,910)	3,590	3,590	-
Cleaning, Repair and Maintenance Services	88,500	(54,349)	34,151	33,274	877
Other Purchased Property Services	62,050	8,884	70,934	65,340	5,594
Insurance	273,976	(1,916)	272,060	272,060	-
Travel	-	464	464	464	-
Miscellaneous Purchased Services	2,000	(1,015)	985	985	-
General Supplies	45,452	56,219	101,671	101,625	46
Energy (Heat and Electricity)	362,650	(4,828)	357,822	352,855	4,967
Other Objects	7,800	(6,490)	1,310	1,310	-
Gasoline	16,000	(1,000)	15,000	13,062	1,938
Energy (Natural Gas)	242,300	37,816	280,116	275,830	4,286
<b>Total Custodial Services</b>	<b>2,854,495</b>	<b>5,935</b>	<b>2,860,430</b>	<b>2,841,149</b>	<b>19,281</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Care &amp; Upkeep of Grounds</b>					
Salaries	\$ 21,500	\$ (4,250)	\$ 17,250	\$ 17,234	\$ 16
Cleaning, Repair, and Maintenance Services	94,815	(59,594)	35,221	35,221	-
General Supplies	2,500	2,735	5,235	5,235	-
<b>Total Care &amp; Upkeep of Grounds</b>	<b>118,815</b>	<b>(61,109)</b>	<b>57,706</b>	<b>57,690</b>	<b>16</b>
<b>Security</b>					
Salaries	687,940	1,298	689,238	688,439	799
Miscellaneous Purchased Services	4,100	(4,100)	-	-	-
General Supplies	5,000	2,276	7,276	7,275	1
<b>Total Security</b>	<b>697,040</b>	<b>(526)</b>	<b>696,514</b>	<b>695,714</b>	<b>800</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	37,700	4,222	41,922	41,922	-
Salaries for Pupil Transport ( Between Home and School)- Reg.	33,980	4,347	38,327	38,326	1
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	151,086	2,772	153,858	153,857	1
Salaries for Pupil Transport (Other than Between Home & School)	42,590	(2,860)	39,730	39,730	-
Management Fee - ESC & CTSA Trans. Prog.	27,750	(200)	27,550	26,150	1,400
Other Purchased Prof. and Technical Services	400	(400)	-	-	-
Cleaning Repair and Maint. Serv.	20,000	13,466	33,466	31,849	1,617
Rental Payments - School Buses	500	360	860	860	-
Contracted Services (Between Home and School) - Vendors	323,325	(16,235)	307,090	307,089	1
Contracted Services (Other Than Between Home and School) - Vendors	75,000	8,426	83,426	71,344	12,082
Contracted Services (Special Ed. Students) - Vendors		8,370	8,370	4,970	3,400
Contracted Services (Special Ed. Students) - ESC's and CTSA's	631,000	50,000	681,000	673,005	7,995
Aid in Lieu NonPublic		884	884	884	-
Aid in Lieu Choice/Charter	30,056	5,304	35,360	35,360	-
Travel	150	(98)	52	52	-
Miscellaneous Purchased Services - Transportation	500	1,028	1,528	1,528	-
Transportation Supplies	29,745	(3,723)	26,022	19,807	6,215
Other Objects	400	(118)	282	282	-
<b>Total Student Transportation Services</b>	<b>1,404,182</b>	<b>75,545</b>	<b>1,479,727</b>	<b>1,447,015</b>	<b>32,712</b>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	543,400	10,502	553,902	553,001	901
Other Retirement Contributions - Regular	746,842	(117,391)	629,451	629,370	81
Unemployment Compensation	35,000	-	35,000	35,000	-
Workers' Compensation	291,745	(12,997)	278,748	278,747	1
Health Benefits	5,943,315	(94,004)	5,849,311	5,847,350	1,961
Tuition Reimbursement	105,500	2,097	107,597	95,710	11,887
Other Employee Benefits	599,938	7,762	607,700	603,546	4,154
<b>Total Unallocated Benefits</b>	<b>8,265,740</b>	<b>(204,031)</b>	<b>8,061,709</b>	<b>8,042,724</b>	<b>18,985</b>

HILLSIDE BOARD OF EDUCATION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES					
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				\$ 1,917,058	\$ (1,917,058)
Pension - Normal Cost				1,126,545	(1,126,545)
Pension - NCGI Premium				81,050	(81,050)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,677,704	(1,677,704)
Total Undistributed Expenditures	\$ 27,327,460	\$ 989,215	\$ 28,316,675	32,246,478	(3,929,803)
Total Current Expenditures	47,121,486	675,921	47,797,407	51,483,014	(3,685,607)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	-	57,713	57,713	57,713	-
Grades 6-8	10,000	-	10,000	-	10,000
Grades 9-12	-	9,605	9,605	8,816	789
School Sponsored Athletic		2,889	2,889	2,889	-
Undistributed					
Instruction	176,594	(84,806)	91,788	20,079	71,709
General Administration	-	7,627	7,627	4,442	3,185
School Administration		37,032	37,032	37,021	11
Information Technology	38,765	(3,000)	35,765	4,408	31,357
Operation and Maintenance of Plant Services	2,500	37,397	39,897	34,842	5,055
Upkeep of Grounds	6,000	44,761	50,761	-	50,761
Security	-	31,609	31,609	31,609	-
NonInstructional	110,000	(77,000)	33,000	-	33,000
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	259,000	2,500	261,500	3,000	258,500
Other Objects - Debt Service Assessment	28,526	-	28,526	28,526	-
Construction Services	897,172	62,588	959,760	82,222	877,538
Deposit to Capital Reserve	105	-	105	-	105
Total Capital Outlay	1,528,662	128,915	1,657,577	315,567	1,342,010
Transfer Funds To Charter School	453,770	124,877	578,647	578,647	-
Total General Fund	49,103,918	929,713	50,033,631	52,377,228	(2,343,597)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	553,772	(929,713)	(375,941)	3,080,061	3,456,002
Other Financing Sources (Uses)					
Operating Transfer Out - Capital Projects Fund		(29,505)	(29,505)	(29,505)	-
Operating Transfer Out - Special Revenue Fund	(553,772)	21,740	(532,032)	(528,435)	3,597
Total Other Financing Sources (Uses)	(553,772)	(7,765)	(561,537)	(557,940)	3,597



HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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)		\$ (937,478)	\$ (937,478)	\$ 2,522,121	\$ 3,459,599
Fund Balance, Beginning of Year	\$ 2,909,699	-	2,909,699	2,909,699	-
Fund Balance, End of Year	<u>\$ 2,909,699</u>	<u>\$ (937,478)</u>	<u>\$ 1,972,221</u>	<u>\$ 5,431,820</u>	<u>\$ 3,459,599</u>
Recapitulation					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 2,372,027	
<b>Assigned Fund Balance</b>					
Encumbrances				998,984	
Designated for Subsequent Year's Expenditures				500,903	
SEMI-ARRA				44,555	
<b>Unassigned Fund Balance</b>					
Undesignated				<u>1,515,351</u>	
				<u>5,431,820</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Less:					
Last State Aid Payments not recognized on GAAP Basis				(2,080,551)	
Extraordinary Aid Payment				<u>(573,729)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 2,777,540</u>	

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 984,043	\$ 5,117	\$ 989,160	\$ 970,403	\$ (18,757)
Federal	1,413,121	488,783	1,901,904	1,715,868	(186,036)
Local Sources					
Miscellaneous	-	46,407	46,407	24,701	(21,706)
Total Revenues	<u>2,397,164</u>	<u>540,307</u>	<u>2,937,471</u>	<u>2,710,972</u>	<u>(226,499)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	738,058	431,249	1,169,307	1,138,042	31,265
Other Salaries for Instruction	310,277	(52,077)	258,200	258,098	102
Purchased Professional/Educational Services		9,000	9,000	9,000	-
Other Purchased Services	673,128	189,874	863,002	863,002	-
General Supplies	32,455	143,043	175,498	148,557	26,941
Textbooks		1,640	1,640	1,050	590
Miscellaneous Expenditures	19,573	(19,573)	-	-	-
Total Instruction	<u>1,773,491</u>	<u>703,156</u>	<u>2,476,647</u>	<u>2,417,749</u>	<u>58,898</u>
Support Services					
Salaries of Supervisors Instruction	20,381	12,203	32,584	30,733	1,851
Salaries of Program Directors	58,250	1,696	59,946	59,817	129
Salaries of Other Professional Staff		26,693	26,693	20,896	5,797
Salaries of Secretarial and Clerical Asst.	10,559	2,190	12,749	12,748	1
Other Salaries	27,058	41,544	68,602	49,421	19,181
Personal Services-Employee Benefits	392,926	105,313	498,239	446,017	52,222
Purchased Professional/Educational Services	32,700	138,199	170,899	103,491	67,408
Transportation		8,241	8,241	1,550	6,691
Travel		23,186	23,186	14,866	8,320
Other Purchased Services		15,711	15,711	13,076	2,635
Supplies and Materials	81,799	(45,036)	36,763	22,695	14,068
Miscellaneous Expenditures	-	19,119	19,119	4,484	14,635
Total Support Services	<u>623,673</u>	<u>349,059</u>	<u>972,732</u>	<u>779,794</u>	<u>192,938</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	41,864	41,864	41,864	-
Total Facilities Acq. & Construction	<u>-</u>	<u>41,864</u>	<u>41,864</u>	<u>41,864</u>	<u>-</u>
Total Expenditures	<u>2,397,164</u>	<u>1,094,079</u>	<u>3,491,243</u>	<u>3,239,407</u>	<u>251,836</u>
Deficiency of Revenues Under Expenditures	-	(553,772)	(553,772)	(528,435)	25,337
Other Financing Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	-	553,772	553,772	528,435	(25,337)
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
Less Current Year State Aid Payments not recognized on GAAP Basis				\$ (95,334)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (95,334)</u>	

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

**HILLSIDE BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

	<b>General Fund <u>C-1</u></b>		<b>Special Revenue Fund <u>C-2</u></b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 55,457,289	(C-2)	\$ 2,710,972
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, 2014			11,753
Encumbrances, June 30, 2015			(44,937)
State Aid and Extraordinary Aid payments (2013/2014) recognized for GAAP Statements not recognized for budgetary purposes.	2,590,253		101,565
State Aid and Extraordinary Aid payments (2014/2015) recognized for budgetary purposes not recognized for GAAP statements	<u>(2,654,280)</u>		<u>(95,334)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 55,393,262</u>		<u>\$ 2,684,019</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 52,377,228	(C-2)	\$ 3,239,407
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, 2014			11,753
Encumbrances, June 30, 2015	<u>-</u>		<u>(44,937)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 52,377,228</u>	(B-2)	<u>\$ 3,206,223</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Public Employees Retirement System**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>		
District's Proportion of the Net Position Liability (Asset)	0.07602	0.07537	%	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$14,233,593	\$14,404,969		
District's Covered-Employee Payroll	\$ 5,057,539	\$ 5,024,804		
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	281.43	286.68	%	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08	48.72	%	%

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

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

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

**Public Employees Retirement System**

**Last Two Fiscal Years**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 626,723	\$ 569,494
Contributions in Relation to the Contractually Required Contribution	<u>626,723</u>	<u>569,494</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$5,057,539	\$5,024,804
Contributions as a Percentage of Covered-Employee Payroll	12.39%	11.33%

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

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

**Teachers Pension and Annuity Fund**

**Last Two Fiscal Years\***

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>119,969,003</u>	<u>116,653,960</u>
Total	<u>\$ 119,969,003</u>	<u>\$ 116,653,960</u>
District's Covered-Employee Payroll	\$ 22,313,032	\$ 22,037,145
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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



**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Change of Benefit Terms:** None.

**Change of Assumptions:** The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

**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, 2015**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>Total</u>
<b>REVENUES</b>			
Intergovernmental			
State		\$ 970,403	\$ 970,403
Federal	\$ 1,715,868		1,715,868
Local Sources			
Miscellaneous	-	24,701	24,701
Total Revenues	<u>1,715,868</u>	<u>995,104</u>	<u>2,710,972</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Salaries of Teachers	375,648	762,394	1,138,042
Other Salaries for Instruction		258,098	258,098
Purchased Professional/Educational Services	9,000		9,000
Other Purchased Services	863,002		863,002
General Supplies	124,795	23,762	148,557
Textbooks	1,050	-	1,050
Total Instruction	<u>1,373,495</u>	<u>1,044,254</u>	<u>2,417,749</u>
<b>Support Services</b>			
Salaries of Supervisors Inst.		30,733	30,733
Salaries of Program Directors		59,817	59,817
Salaries of Other Professional Staff	20,896		20,896
Salaries of Secretarial and Clerical Asst.		12,748	12,748
Other Salaries	49,421	-	49,421
Personal Services-Employee Benefits	100,902	345,115	446,017
Purchased Professional/Educational Services	86,513	16,978	103,491
Transportation	1,550		1,550
Travel	14,866		14,866
Other Purchased Services	265	12,811	13,076
Supplies and Materials	21,612	1,083	22,695
Miscellaneous Expenditures	4,484	-	4,484
Total Support Services	<u>300,509</u>	<u>479,285</u>	<u>779,794</u>
<b>Facilities Acquisition and Construction</b>			
Instructional Equipment	41,864	-	41,864
Total Facilities Acq. & Construction	<u>41,864</u>	<u>-</u>	<u>41,864</u>
Total Expenditures	<u>1,715,868</u>	<u>1,523,539</u>	<u>3,239,407</u>
Deficiency of Revenues Under Expenditures	-	(528,435)	(528,435)
<b>Other Financing Sources/(Uses)</b>			
Budgeted Transfer from General Fund		528,435	528,435
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**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, 2015**

	<u>No Child Left Behind (NCLB) Consolidated</u>				<u>Individuals With Disabilities Education Act</u>			<u>Subtotal E-1A</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III Emergency Immigrant</u>	<u>Part B-Basic</u>	<u>Parent Survey</u>	<u>Part B Preschool</u>	
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 659,410	\$ 102,013	\$ 77,112	\$ 14,682	\$ 840,414	\$ 251	\$ 21,986	\$ 1,715,868
Total Revenues	<u>\$ 659,410</u>	<u>\$ 102,013</u>	<u>\$ 77,112</u>	<u>\$ 14,682</u>	<u>\$ 840,414</u>	<u>\$ 251</u>	<u>\$ 21,986</u>	<u>\$ 1,715,868</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 360,904	\$ 888	\$ 13,856	-	-	-	-	\$ 375,648
Purchased Professional-Educational Services	9,000							9,000
Other Purchased Services	6,000				\$ 835,016		\$ 21,986	863,002
General Supplies	73,015		51,780	-	-		-	124,795
Textbooks	-	-	1,050	-	-		-	1,050
Total Instruction	<u>448,919</u>	<u>888</u>	<u>66,686</u>	<u>-</u>	<u>835,016</u>	<u>-</u>	<u>21,986</u>	<u>1,373,495</u>
Support Services								
Salaries of Other Professional Staff	2,722	7,023		\$ 11,151				20,896
Other Salaries	27,965	18,483	2,722			\$ 251		49,421
Personal Services-Employee Benefits	96,813	2,019	1,268	802				100,902
Purchased Professional-Educational Services	28,815	52,300			5,398			86,513
Transportation	875		675					1,550
Travel	3,084	10,122	1,660					14,866
Other Purchased Services	-	265						265
Supplies and Materials	7,333	10,218	1,332	2,729				21,612
Miscellaneous Expenditures	1,020	695	2,769					4,484
Total Support Services	<u>168,627</u>	<u>101,125</u>	<u>10,426</u>	<u>14,682</u>	<u>5,398</u>	<u>251</u>	<u>-</u>	<u>300,509</u>
Facilities Acquisition and Construction								
Instructional Equipment	41,864	-	-	-	-	-	-	41,864
Total Facilities Acq. & Construction	<u>41,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,864</u>
Total Expenditures	<u>\$ 659,410</u>	<u>\$ 102,013</u>	<u>\$ 77,112</u>	<u>\$ 14,682</u>	<u>\$ 840,414</u>	<u>\$ 251</u>	<u>\$ 21,986</u>	<u>\$ 1,715,868</u>
Deficiency of Revenues Under Expenditures	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)								
Budgeted Transfer from General Fund								
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSIDE BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Chapter 192</u>						
	<u>Miscellaneous</u>	<u>Preschool Education Aid</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Comp. Education</u>	<u>Subtotal E-1B</u>
REVENUES							
Intergovernmental							
State	-	\$ 953,425	\$ 3,761	\$ 6,070	\$ 1,925	\$ 5,222	\$ 970,403
Local	\$ 24,701	-	-	-	-	-	24,701
Total Revenues	<u>\$ 24,701</u>	<u>\$ 953,425</u>	<u>\$ 3,761</u>	<u>\$ 6,070</u>	<u>\$ 1,925</u>	<u>\$ 5,222</u>	<u>\$ 995,104</u>
EXPENDITURES							
Instruction							
Salaries of Teachers		\$ 762,394					\$ 762,394
Other Salaries for Instruction		258,098					258,098
General Supplies	\$ 11,890	11,872	-	-	-	-	23,762
Total Instruction	<u>11,890</u>	<u>1,032,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,254</u>
Support Services							
Salaries of Supervisors Inst.		30,733					30,733
Salaries of Program Directors		59,817					59,817
Salaries of Secretarial and Clerical Asst.		12,748					12,748
Other Salaries	-	-					-
Personal Services-Employee Benefits		345,115					345,115
Purchased Professional/Educational Services	-	-	\$ 3,761	6,070	\$ 1,925	\$ 5,222	16,978
Other Purchased Services	12,811	-					12,811
Supplies and Materials	-	1,083	-	-	-	-	1,083
Total Support Services	<u>12,811</u>	<u>449,496</u>	<u>3,761</u>	<u>6,070</u>	<u>1,925</u>	<u>5,222</u>	<u>479,285</u>
Total Expenditures	<u>\$ 24,701</u>	<u>\$ 1,481,860</u>	<u>\$ 3,761</u>	<u>\$ 6,070</u>	<u>\$ 1,925</u>	<u>\$ 5,222</u>	<u>\$ 1,523,539</u>
Deficiency of Revenues Under Expenditures	-	(528,435)	-	-	-	-	(528,435)
Other Financing Sources/(Uses)							
Budgeted Transfer from General Fund		528,435					528,435
Fund Balance, Beginning of Year	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 762,394	\$ 762,394	-
Other Salaries for Instruction	258,098	258,098	-
General Supplies	11,872	11,872	-
Total Instruction	<u>1,032,364</u>	<u>1,032,364</u>	-
<b>Support Services:</b>			
Salaries of Supervisors Inst.	30,733	30,733	-
Salaries of Program Directors	59,817	59,817	-
Salaries of Secretaries & Clerical Assistants	12,748	12,748	-
Purchased Services - Employee Benefits	345,115	345,115	-
Supplies and Materials	1,083	1,083	-
Total Support Services	<u>449,496</u>	<u>449,496</u>	-
Total Expenditures	<u>\$ 1,481,860</u>	<u>\$ 1,481,860</u>	<u>\$ -</u>
Total Revised 2014-2015 Preschool Education Aid Allocation			\$ 953,343
Add: Actual Preschool Aid Carryover (June 30, 2014)			-
Add: Prior Year Order Cancelled			82
Add: Budgeted Transfer from the General Fund 2014-2015			528,435
Total Preschool Education Aid Funds Available for 2014-2015 Budget			<u>1,481,860</u>
Less: Budgeted Preschool Education Aid			<u>(1,481,860)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015			-
Add: June 30, 2015 Unexpended Preschool Education Aid			-
2014-2015 Carryover - Preschool Education Aid			<u>-</u>
2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2015-2016			<u>\$ -</u>

**CAPITAL PROJECTS FUND**





**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Revenues and Other Financing  
Sources**

Transfer from Capital Reserve	<u>\$ 29,505</u>
Total Revenues	<u>29,505</u>

**Expenditures and Other  
Financing Uses**

Expenditures	
Construction Services	<u>2,376,412</u>
Total Expenditures	2,376,412

Excess (deficiency) or Revenues over (under) Expenditures	<u>(2,346,907)</u>
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Fund Balance- Beginning of Year	<u>3,055,835</u>
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Fund Balance- End of Year - Budgetary Basis	<u><u>\$ 708,928</u></u>
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Reconciliation to GAAP:

Project Fund Balance	\$ 708,928
Less: SDA Grant Revenue not Realized Under GAAP	<u>(368,437)</u>

Fund Balance- End of Year - GAAP Basis	<u><u>\$ 340,491</u></u>
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**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
WINDOW REPLACEMENT - HILLSIDE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 755,681	-	\$ 755,681	\$ 755,681
Transfer from Capital Reserve	625,910	-	625,910	625,910
	<u>1,381,591</u>	<u>-</u>	<u>1,381,591</u>	<u>1,381,591</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	-			
Construction Services	68,700	\$ 1,140,959	1,209,659	1,381,591
Transfer to General Fund	-	-	-	-
	<u>68,700</u>	<u>1,140,959</u>	<u>1,209,659</u>	<u>1,381,591</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 1,312,891</u>	<u>\$ (1,140,959)</u>	<u>\$ 171,932</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-050-14-1012			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,381,591			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	93%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HILLSIDE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 299,785	-	\$ 299,785	\$ 299,785
Transfer from Capital Reserve	248,304	-	248,304	248,304
<b>Total Revenues</b>	<u>548,089</u>	<u>-</u>	<u>548,089</u>	<u>548,089</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services			-	-
Construction Services	27,100	\$ 366,716	393,816	548,089
Transfer to General Fund	-	-	-	-
<b>Total Expenditures</b>	<u>27,100</u>	<u>366,716</u>	<u>393,816</u>	<u>548,089</u>
<b>Excess (deficiency) or Revenues over (under) Expenditures</b>	<u>\$ 520,989</u>	<u>\$ (366,716)</u>	<u>\$ 154,273</u>	<u>\$ -</u>

**Additional project information:**

Project Number	2190-050-14-1005
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 548,089
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	93%
Original target completion date	6/30/2015
Revised target completion date	N/A

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - WALTER O. KRUMBIEGEL MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 88,517	-	\$ 88,517	\$ 88,517
Transfer from Capital Reserve	73,316	\$ 29,505	102,821	102,821
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	161,833	29,505	191,338	191,338
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services			-	-
Construction Services	9,740	159,398	169,138	191,338
Transfer to General Fund	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	9,740	159,398	169,138	191,338
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 152,093</u>	<u>\$ (129,893)</u>	<u>\$ 22,200</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-085-14-1008			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 191,338			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	88%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HURDEN LOOKER ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 313,789	-	\$ 313,789	\$ 313,789
Transfer from Capital Reserve	259,904	-	259,904	259,904
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	573,693	-	573,693	573,693
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services			-	-
Construction Services	23,740	\$ 379,703	403,443	573,693
Transfer to General Fund	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	23,740	379,703	403,443	573,693
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 549,953</u>	<u>\$ (379,703)</u>	<u>\$ 170,250</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-080-14-1007			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 573,693			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	95%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - AP MORRIS EARLY CHILDHOOD CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 121,962	-	\$ 121,962	\$ 121,962
Transfer from Capital Reserve	101,018	-	101,018	101,018
	<u>222,980</u>	<u>-</u>	<u>222,980</u>	<u>222,980</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services			-	-
Construction Services	11,500	\$ 161,715	173,215	222,980
Transfer to General Fund	-	-	-	-
	<u>11,500</u>	<u>161,715</u>	<u>173,215</u>	<u>222,980</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 211,480</u>	<u>\$ (161,715)</u>	<u>\$ 49,765</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-090-14-1009			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 222,980			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	89%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 177,703	-	\$ 177,703	\$ 177,703
Transfer from Capital Reserve	147,186	-	147,186	147,186
<b>Total Revenues</b>	<u>324,889</u>	<u>-</u>	<u>324,889</u>	<u>324,889</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services			-	-
Construction Services	16,460	\$ 167,921	184,381	324,889
Transfer to General Fund	-	-	-	-
<b>Total Expenditures</b>	<u>16,460</u>	<u>167,921</u>	<u>184,381</u>	<u>324,889</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 308,429</u>	<u>\$ (167,921)</u>	<u>\$ 140,508</u>	<u>\$ -</u>

**Additional project information:**

Project Number	2190-110-14-1010
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 324,889
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	92%
Original target completion date	6/30/2015
Revised target completion date	N/A



**PROPRIETARY FUNDS**

**HILLSIDE BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015**

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, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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, 2015**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 80,079	\$ 276,962	\$ 357,041
Total Assets	<u>\$ 80,079</u>	<u>\$ 276,962</u>	<u>\$ 357,041</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 276,962	\$ 276,962
Due to Student Groups	<u>\$ 80,079</u>	<u>-</u>	<u>80,079</u>
Total Liabilities	<u>\$ 80,079</u>	<u>\$ 276,962</u>	<u>\$ 357,041</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

<u>School</u>	<u>Balance July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
<b>ELEMENTARY SCHOOLS</b>				
Calvin Coolidge	\$ 3,682	\$ 3,003	\$ 5,136	\$ 1,549
A.P. Morris	15,149	26,805	27,192	14,762
Hurden Looker	4,873	15,755	17,505	3,123
George Washington	2,259	2,800	2,911	2,148
<b>JUNIOR HIGH SCHOOLS</b>				
Walter O. Krumbiegel	11,223	29,987	33,477	7,733
<b>SENIOR HIGH SCHOOL</b>				
Hillside High School	50,499	119,136	118,871	50,764
Total	<u>\$ 87,685</u>	<u>\$ 197,486</u>	<u>\$ 205,092</u>	<u>\$ 80,079</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
Payroll Deductions and Withholdings	\$ 265,595	\$ 15,780,905	\$ 15,769,538	\$ 276,962
Accrued Salaries and Wages	-	17,615,674	17,615,674	-
Total	<u>\$ 265,595</u>	<u>\$ 33,396,579</u>	<u>\$ 33,385,212</u>	<u>\$ 276,962</u>

**LONG-TERM DEBT**

**HILLSIDE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOT APPLICABLE**

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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)*

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Fiscal Year Ended June 30,</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
					<u>2010</u>	<u>2011</u>				
Governmental Activities										
Net Investment In Capital Assets	\$ 8,567,841	\$ 11,618,904	\$ 12,791,814	\$ 13,205,655	\$ 14,064,204	\$13,884,937	\$ 13,307,648	\$ 14,909,859	\$ 14,872,057	\$ 16,610,812
Restricted	424,156	41,982	48,462	48,522	48,532	48,639	701,721	701,829	1,862,718	2,712,518
Unrestricted	<u>3,191,304</u>	<u>1,396,840</u>	<u>140,642</u>	<u>(919,098)</u>	<u>(46,185)</u>	<u>(946,949)</u>	<u>(766,218)</u>	<u>(668,476)</u>	<u>(15,881,687)</u>	<u>(15,341,938)</u>
Total Governmental Activities Net Position	<u>\$ 12,183,301</u>	<u>\$ 13,057,726</u>	<u>\$ 12,980,918</u>	<u>\$ 12,335,079</u>	<u>\$ 14,066,551</u>	<u>\$12,986,627</u>	<u>\$ 13,243,151</u>	<u>\$ 14,943,212</u>	<u>\$ 853,088</u>	<u>\$ 3,981,392</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 61,619	\$ 57,330	\$ 50,352	\$ 45,508	\$ 65,733	\$ 52,937	\$ 44,089	\$ 43,664	\$ 89,289	\$ 89,846
Restricted										
Unrestricted	<u>(34,871)</u>	<u>(30,628)</u>	<u>32,656</u>	<u>81,006</u>	<u>147,240</u>	<u>208,359</u>	<u>269,127</u>	<u>254,564</u>	<u>231,149</u>	<u>271,420</u>
Total Business-Type Activities Net Position	<u>\$ 26,748</u>	<u>\$ 26,702</u>	<u>\$ 83,008</u>	<u>\$ 126,514</u>	<u>\$ 212,973</u>	<u>\$ 261,296</u>	<u>\$ 313,216</u>	<u>\$ 298,228</u>	<u>\$ 320,438</u>	<u>\$ 361,266</u>
District-Wide										
Net Investment In Capital Assets	\$ 8,629,460	\$ 11,676,234	\$ 12,842,166	\$ 13,251,163	\$ 14,129,937	\$13,937,874	\$ 13,351,737	\$ 14,953,523	\$ 14,961,346	\$ 16,700,658
Restricted	424,156	41,982	48,462	48,522	48,532	48,639	701,721	701,829	1,862,718	2,712,518
Unrestricted	<u>3,156,433</u>	<u>1,366,212</u>	<u>173,298</u>	<u>(838,092)</u>	<u>101,055</u>	<u>(738,590)</u>	<u>(497,091)</u>	<u>(413,912)</u>	<u>(15,650,538)</u>	<u>(15,070,518)</u>
Total District Net Position	<u>\$ 12,210,049</u>	<u>\$ 13,084,428</u>	<u>\$ 13,063,926</u>	<u>\$ 12,461,593</u>	<u>\$ 14,279,524</u>	<u>\$13,247,923</u>	<u>\$ 13,556,367</u>	<u>\$ 15,241,440</u>	<u>\$ 1,173,526</u>	<u>\$ 4,342,658</u>

Source: District financial records

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

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 19,715,710	\$ 20,614,631	\$ 22,328,389	\$ 22,547,632	\$ 22,698,875	\$ 23,018,450	\$ 23,276,436	\$ 23,050,123	\$ 22,919,477	\$ 26,795,030
Special Education	9,128,524	9,487,349	8,586,884	8,820,314	8,859,889	9,129,705	9,425,597	9,299,964	9,982,041	9,236,929
Other Instruction	577,664	694,074	642,627	868,217	1,483,285	1,339,857	1,326,175	1,509,337	1,599,474	1,595,651
School Sponsored Activities and Athletics	459,875	488,245	456,184	555,707	588,643	652,345	727,611	699,647	700,647	777,843
Support Services:										
Student & Instruction Related Services	4,945,348	5,115,381	5,103,864	5,081,023	5,544,199	5,390,566	5,182,761	6,626,499	6,574,029	7,909,394
Attendance And Social Work	47,223	48,986	37,088	36,586	35,234	13,958	15,914	15,010	15,603	15,664
Educational Media/School Library	437,891	480,277	480,466	524,461	924,308	842,858	808,189	864,168	882,624	935,502
School Administrative Services	2,966,027	3,148,298	3,502,087	3,453,503	2,908,408	3,581,123	3,347,762	3,559,103	3,628,876	4,066,728
General Administration	1,000,683	1,024,985	1,098,435	1,072,198	1,747,828	1,017,964	1,086,487	1,095,179	1,020,964	1,264,707
Central Services	1,043,250	1,119,526	1,199,214	1,198,319	959,747	965,077	942,254	1,325,267	1,027,351	1,183,876
Plant Operations And Maintenance	4,579,259	4,518,711	5,305,915	5,629,000	6,296,833	6,670,431	6,090,794	5,744,786	6,224,513	6,197,970
Pupil Transportation	1,381,983	1,434,317	1,366,275	1,444,171	1,315,004	1,224,152	1,299,276	986,186	1,482,745	1,543,651
Other Support Services										
Interest On Long-Term Debt										
<b>Total Governmental Activities Expenses</b>	<b>46,283,437</b>	<b>48,174,780</b>	<b>50,107,428</b>	<b>51,231,131</b>	<b>53,362,253</b>	<b>53,846,486</b>	<b>53,529,256</b>	<b>54,775,269</b>	<b>56,058,344</b>	<b>61,522,945</b>
<b>Business-Type Activities:</b>										
Food Service	1,372,514	1,249,598	1,346,523	1,381,807	1,440,987	1,400,535	1,410,289	1,470,885	1,515,374	1,541,980
<b>Total District Expenses</b>	<b>\$ 47,655,951</b>	<b>\$ 49,424,378</b>	<b>\$ 51,453,951</b>	<b>\$ 52,612,938</b>	<b>\$ 54,803,240</b>	<b>\$ 55,247,021</b>	<b>\$ 54,939,545</b>	<b>\$ 56,246,154</b>	<b>\$ 57,573,718</b>	<b>\$ 63,064,925</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)/Rentals	\$ 2,079,768	\$ 1,599,344	\$ 1,777,203			\$ 140,532	\$ 131,180	\$ 705,289	\$ 657,471	\$ 295,075
Operating Grants And Contributions	10,394,547	12,143,086	12,921,937	\$ 8,058,718	\$ 13,675,100	9,055,264	8,779,692	10,955,632	9,965,423	15,583,774
Capital Grants And Contributions	-	262,936	-	-	181,955	-	-	32,377	77,564	1,330,010
<b>Total Governmental Activities Program Revenues</b>	<b>12,474,315</b>	<b>14,005,366</b>	<b>13,099,140</b>	<b>8,058,718</b>	<b>13,857,055</b>	<b>9,195,796</b>	<b>8,910,872</b>	<b>11,693,298</b>	<b>10,700,458</b>	<b>17,208,859</b>
<b>Business-Type Activities:</b>										
Charges For Services:										
Food Service	\$ 426,129	\$ 394,234	\$ 473,551	\$ 499,755	\$ 485,567	\$ 453,785	\$ 434,862	\$ 442,592	\$ 454,267	\$ 412,934
Operating Grants And Contributions	701,763	729,234	794,278	810,558	939,384	960,073	1,027,347	1,013,305	1,083,317	1,169,874
<b>Total Business Type Activities Program Revenues</b>	<b>1,127,892</b>	<b>1,123,468</b>	<b>1,267,829</b>	<b>1,310,313</b>	<b>1,424,951</b>	<b>1,413,858</b>	<b>1,462,209</b>	<b>1,455,897</b>	<b>1,537,584</b>	<b>1,582,808</b>
<b>Total District Program Revenues</b>	<b>\$ 13,602,207</b>	<b>\$ 15,128,834</b>	<b>\$ 14,366,969</b>	<b>\$ 9,369,031</b>	<b>\$ 15,282,006</b>	<b>\$ 10,609,654</b>	<b>\$ 10,373,081</b>	<b>\$ 13,149,195</b>	<b>\$ 12,238,042</b>	<b>\$ 18,791,667</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (33,809,122)	\$ (34,169,414)	\$ (37,008,288)	\$ (43,172,413)	\$ (39,505,198)	\$ (44,650,690)	\$ (44,618,384)	\$ (43,081,971)	\$ (45,357,886)	\$ (44,314,086)
Business-Type Activities	(244,622)	(126,130)	(78,694)	(71,494)	(16,036)	13,323	51,920	(14,988)	22,210	40,828
<b>Total District-Wide Net Expense</b>	<b>\$ (34,053,744)</b>	<b>\$ (34,295,544)</b>	<b>\$ (37,086,982)</b>	<b>\$ (43,243,907)</b>	<b>\$ (39,521,234)</b>	<b>\$ (44,637,367)</b>	<b>\$ (44,566,464)</b>	<b>\$ (43,096,959)</b>	<b>\$ (45,335,676)</b>	<b>\$ (44,273,258)</b>
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Ne	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400	\$ 28,212,610
Unrestricted Grants And Contributions	10,906,963	10,994,759	11,403,157	16,973,199	15,144,879	17,380,092	18,633,587	18,495,504	19,010,557	19,080,335
Miscellaneous Income	538,065	432,705	762,215	767,266	702,187	695,686	711,333	159,457	100,774	149,445

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Insurance Proceeds Utilized to Purchase Capital Assets								92,648	-	-
Disposition of Capital Asset, net Transfers	(25,000)	(126,084)	(135,000)	(115,000)	(37,889)	-	-	(6,165)	-	-
<b>Total Governmental Activities</b>	<b>33,938,604</b>	<b>35,043,839</b>	<b>36,931,481</b>	<b>42,526,574</b>	<b>41,236,670</b>	<b>43,570,766</b>	<b>44,874,908</b>	<b>44,782,032</b>	<b>45,672,731</b>	<b>47,442,390</b>
Business-Type Activities: Transfers	25,000	126,084	135,000	115,000	102,495	35,000				
<b>Total Business-Type Activities</b>	<b>25,000</b>	<b>126,084</b>	<b>135,000</b>	<b>115,000</b>	<b>102,495</b>	<b>35,000</b>	-	-	-	-
<b>Total District-Wide</b>	<b>\$ 33,963,604</b>	<b>\$ 35,169,923</b>	<b>\$ 37,066,481</b>	<b>\$ 42,641,574</b>	<b>\$ 41,339,165</b>	<b>\$ 43,605,766</b>	<b>\$ 44,874,908</b>	<b>\$ 44,782,032</b>	<b>\$ 45,672,731</b>	<b>\$ 47,442,390</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 129,482	\$ 874,425	\$ (76,807)	\$ (645,839)	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	\$ 314,845	\$ 3,128,304
Business-Type Activities	(219,622)	(46)	56,306	43,506	86,459	48,323	51,920	(14,988)	22,210	40,828
<b>Total District</b>	<b>\$ (90,140)</b>	<b>\$ 874,379</b>	<b>\$ (20,501)</b>	<b>\$ (602,333)</b>	<b>\$ 1,817,931</b>	<b>\$ (1,031,601)</b>	<b>\$ 308,444</b>	<b>\$ 1,685,073</b>	<b>\$ 337,055</b>	<b>\$ 3,169,132</b>

Source: District financial records

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

	2006		2007		2008		2009		Fiscal Year Ended June 30,		2012		2013		2014		2015			
									2010	2011										
General Fund																				
Reserved	\$	2,510,772	\$	2,266,701	\$	1,268,238	\$	1,826,770	\$	1,243,746										
Unreserved		1,755,409		200,840		109,883		(1,546,365)		(319,448)										
Restricted										\$	42,255	\$	695,337	\$	701,829	\$	501,424	\$	2,372,027	
Committed											880,529									
Assigned											1,200,000		1,497,088		1,742,235		907,973		1,544,442	
Unassigned		-		-		-		-		-	(1,922,560)		(1,089,306)		(1,135,984)		(1,089,951)		(1,138,929)	
<b>Total General Fund</b>	<b>\$</b>	<b>4,266,181</b>	<b>\$</b>	<b>2,467,541</b>	<b>\$</b>	<b>1,378,121</b>	<b>\$</b>	<b>280,405</b>	<b>\$</b>	<b>924,298</b>	<b>\$</b>	<b>200,224</b>	<b>\$</b>	<b>1,103,119</b>	<b>\$</b>	<b>1,308,080</b>	<b>\$</b>	<b>319,446</b>	<b>\$</b>	<b>2,777,540</b>
All Other Governmental Funds																				
Reserved	\$	607,978							\$	118,747						\$	1,361,294		\$	340,491
Unreserved		(256,998)	\$	6,934	\$	(85,939)	\$	(63,065)		(77,274)										
Assigned										\$	6,384	\$	6,384							
Unassigned		-		-		-		-		-	(72,092)		(79,241)	\$	(103,206)		(101,565)		(95,334)	
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b>350,980</b>	<b>\$</b>	<b>6,934</b>	<b>\$</b>	<b>(85,939)</b>	<b>\$</b>	<b>(63,065)</b>	<b>\$</b>	<b>41,473</b>	<b>\$</b>	<b>(65,708)</b>	<b>\$</b>	<b>(72,857)</b>	<b>\$</b>	<b>(103,206)</b>	<b>\$</b>	<b>1,259,729</b>	<b>\$</b>	<b>245,157</b>

Source: District financial records

Beginning with Fiscal Year 2012, 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,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400	\$ 28,212,610
Tuition Charges	2,079,768	1,599,344	177,203	60,700	136,754	140,532	131,180	93,710	155,478	295,075
Miscellaneous	617,733	519,959	824,747	788,109	744,812	733,350	723,360	828,194	631,786	174,146
State Sources	19,534,036	21,491,058	22,582,714	23,224,549	26,194,212	23,970,549	25,283,438	27,472,900	26,997,291	28,799,996
Federal Sources	1,687,806	1,822,469	1,679,848	1,725,825	2,580,112	2,427,143	2,117,814	1,953,455	2,027,234	1,921,558
<b>Total Revenue</b>	<b>46,437,919</b>	<b>49,175,289</b>	<b>50,165,621</b>	<b>50,700,292</b>	<b>55,185,878</b>	<b>52,801,562</b>	<b>53,785,780</b>	<b>56,388,847</b>	<b>56,373,189</b>	<b>59,403,385</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	19,542,218	20,352,641	21,995,915	22,265,582	22,502,893	22,558,781	22,844,284	22,559,889	22,470,813	23,301,716
Special Education Instruction	9,095,337	9,448,312	8,541,384	8,775,752	8,808,248	9,066,171	9,359,371	9,221,704	9,899,547	8,453,506
Other Instruction	574,104	689,238	636,939	860,389	1,474,676	1,328,876	1,315,860	1,495,081	1,584,917	1,467,219
School Sponsored Act. & Athletics	455,281	482,574	450,178	549,089	580,852	641,874	717,003	686,889	688,135	763,972
<b>Support Services:</b>										
Student & Inst. Related Services	4,911,965	5,076,688	5,058,865	5,026,365	5,486,801	5,319,466	5,113,841	6,517,635	6,463,319	7,068,404
Attendance And Social Work	46,614	48,249	36,469	36,016	34,667	13,684	15,614	14,676	15,248	15,305
Educational Media/School Library	432,982	474,189	473,450	517,039	910,410	827,062	793,628	846,113	863,719	833,411
General Administration	994,449	1,017,232	1,089,945	1,063,583	1,739,419	1,007,148	1,077,023	1,083,309	3,554,869	3,570,962
School Administrative Services	2,932,354	3,107,391	3,453,016	3,404,824	2,853,823	3,516,794	3,291,172	3,488,786	1,008,878	1,088,216
Central Services and Info. Technology	1,032,039	1,105,366	1,182,846	1,182,145	945,827	947,809	926,381	966,820	831,260	1,086,019
Plant Operations And Maintenance	4,539,717	4,471,488	5,249,610	5,572,282	6,234,020	6,594,482	6,019,019	5,658,595	6,135,862	6,108,615
Pupil Transportation	1,378,583	1,430,521	1,361,262	1,438,994	1,309,384	1,218,102	1,293,255	1,317,886	1,475,021	1,535,159
Capital Outlay	920,537	3,488,542	1,682,495	968,074	1,454,032	557,468	123,583	2,356,852	1,007,300	2,667,359
<b>Debt Service:</b>										
Principal										
Interest And Other Charges										
<b>Total Expenditures</b>	<b>46,856,180</b>	<b>51,192,431</b>	<b>51,212,374</b>	<b>51,660,134</b>	<b>54,335,052</b>	<b>53,597,717</b>	<b>52,890,034</b>	<b>56,214,235</b>	<b>55,998,888</b>	<b>57,959,863</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(418,261)	(2,017,142)	(1,046,753)	(959,842)	850,826	(796,155)	895,746	174,612	374,301	1,443,522
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)										
Transfers In		30,830		206,060	673,160	532,084	607,881	442,911	1,838,724	557,940
Transfers Out	(25,000)	(156,914)	(135,000)	(321,060)	(775,655)	(567,084)	(607,881)	(442,911)	(1,838,724)	(557,940)
<b>Total Other Financing Sources (Uses)</b>	<b>(25,000)</b>	<b>(126,084)</b>	<b>(135,000)</b>	<b>(115,000)</b>	<b>(102,495)</b>	<b>(35,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>\$ (443,261)</b>	<b>\$ (2,143,226)</b>	<b>\$ (1,181,753)</b>	<b>\$ (1,074,842)</b>	<b>\$ 748,331</b>	<b>\$ (831,155)</b>	<b>\$ 895,746</b>	<b>\$ 174,612</b>	<b>\$ 374,301</b>	<b>\$ 1,443,522</b>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	0.00%	0.00%	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>Tuitions</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2014	21,162	11,550	28,926	501,993	\$ 155,478	39,136	758,245
2015	18,300	6,433	28,909	-	295,075	95,813	444,530

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 <sup>a</sup>
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	\$ 3
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
2014	6,177,500	687,260,850			71,089,800	114,006,000	11,319,900	889,854,050		533,242	890,387,292	1,660,550,712	3.076
2015	6,466,860	686,905,400			71,131,700	113,336,500	11,319,900	889,160,360		1,713,210	890,873,570	1,745,799,948	3.201

Source: County Abstract of Ratables

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



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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
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
2014	3.076	3.245	0.960	7.281
2015	3.201	3.246	0.955	7.402

Source: County Abstract of Ratables



**HILLSIDE BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2014	26,561,400	26,561,400	100.00%	N/A
2015	28,212,610	28,212,610	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			
2006						-	21,242	
2007						-	21,127	
2008						-	21,124	
2009						-	21,260	
2010						-	21,451	
2011						-	21,520	
2012						-	21,668	
2013						-	21,835	
2014						-	21,919	
2015						-	N/A	

Source: District financial records

Note:

There was no outstanding debt in the governmental activities in fiscal year 2005 through 2015.

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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			

**NOT APPLICABLE**

Source: District financial records

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

**HILLSIDE BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township	\$ 5,508,570	175,600	\$ 5,332,970
	<u>\$ 5,508,570</u>	<u>\$ 175,600</u>	<u>5,332,970</u>
Overlapping Debt Apportioned to the Municipality:			
Union County			<u>24,936,558</u>
Total Direct and Overlapping Debt			<u>\$ 30,269,528</u>

## Source:

(1) Township's 2014 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2014 equalized value by the total 2014 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 2014

	Equalized valuation basis
	2014 \$ 1,614,687,080
	2013 1,669,266,225
	2012 1,715,873,186
	<u>\$ 4,999,826,491</u>
Average equalized valuation of taxable property	\$ 1,666,608,830
Debt limit (4 % of average equalization value)	66,664,353 a
Total Net Debt Applicable to Limit	-
Legal debt margin	<u>\$ 66,664,353</u>

#04

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 53,831,743	\$ 70,357,622	\$ 81,514,861	\$ 88,567,878	\$ 90,609,148	\$ 85,755,863	\$ 80,200,278	\$ 69,831,998	\$ 73,847,923	\$ 66,664,353
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 53,831,743</u>	<u>\$ 70,357,622</u>	<u>\$ 81,514,861</u>	<u>\$ 88,567,878</u>	<u>\$ 90,609,148</u>	<u>\$ 85,755,863</u>	<u>\$ 80,200,278</u>	<u>\$ 69,831,998</u>	<u>\$ 73,847,923</u>	<u>\$ 66,664,353</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	21,242	N/A	\$ 48,743	7.40%
2007	21,127	N/A	50,683	6.80%
2008	21,124	N/A	51,645	8.70%
2009	21,260	N/A	49,285	14.60%
2010	21,451	N/A	49,897	14.90%
2011	21,520	N/A	52,297	14.80%
2012	21,668	N/A	53,638	14.80%
2013	21,835	N/A	54,382	15.40%
2014	21,919	N/A	N/A	9.10%
2015	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>2015</u>		<u>2005</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 SEVEN YEARS**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction							
Regular	246.7	269.6	264.2	253.7	234.0	229.0	206.16
Special education	55.5	57.0	51.2	57.1	57.1	56.2	62.00
Support Services:							
Student & instruction related services	43.4	52.8	52.3	51.6	57.5	58.3	74.65
General administration	6.4	5.3	4.7	4.1	5.0	5.0	4.00
School administrative services	31.6	34.4	31.8	29.8	29.0	29.8	27.60
Other administrative services							
Central services	8.3	8.1	7.7	7.6	7.8	7.8	7.60
Administrative Information Technology	3.2	0.4	0.4	0.4	0.4	0.4	0.40
Plant operations and maintenance	68.8	69.3	72.3	69.9	77.9	66.0	74.50
Pupil transportation	7.0	7.5	11.0	7.4	10.5	10.5	8.50
Other support services			0.1	5.7	6.0	10.5	10.00
Food Service	0.5	0.5	0.5	0.5	0.5	-	-
Total	<u>471.3</u>	<u>504.9</u>	<u>496.2</u>	<u>487.8</u>	<u>485.6</u>	<u>473.5</u>	<u>475.41</u>

Source: District Personnel Records

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

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	3,301	\$ 45,935,643	\$ 13,916	11.70%	245	1:14	1:14	1:12	3,304	2,969	-1.81%	89.86%
2007	3,175	47,703,889	15,025	7.96%	271	1:13	1:10	1:11	3,175	2,996	-3.90%	94.36%
2008	3,106	49,529,879	15,947	6.14%	280	1:12	1:11	1:10	3,115	2,976	-1.89%	95.54%
2009	3,131	50,692,060	16,190	1.52%	295	1:12	1:10	1:9	3,131	2,933	0.51%	93.68%
2010	3,140	52,881,020	16,841	4.02%	328	1:11	1:9	1:8	3,140	2,914	0.29%	92.80%
2011	3,103	53,040,249	17,093	1.50%	312	1:11	1:9	1:8	3,103	2,933	-1.18%	94.52%
2012	3,121	52,766,451	16,907	-1.09%	295	1:12	1:11	1:9	3,121	2,966	0.58%	95.03%
2013	3,018	53,857,383	17,845	5.55%	223	1:19	1:12	1:10	3,018	2,812	-3.30%	93.17%
2014	3,007	55,167,628	18,346	8.51%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	-2.66%	93.29%
2015	3,084	55,292,489	17,929	0.47%	296	1:11	1:13	1:9	3,084	2,920	2.19%	94.68%

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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Early Learning Center</u>										
A.P Morris/Early Childhood Center										
Square Feet	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Capacity (students)	774	774	774	775	775	775	775	775	775	775
Enrollment	794	812	837	865	612	614	688	644	653	676
<u>Elementary</u>										
Calvin Coolidge										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	152	152	152	153	153	153	153	153	153	153
Enrollment	209	195	175	199	199	195	201	214	204	219
Hurden Looker										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	433	433	433	433	433	433	433	433	433	433
Enrollment	431	421	391	397	402	398	494	423	411	446
George Washington										
Square Feet	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Capacity (students)	320	320	320	330	330	330	330	330	330	330
Enrollment	336	295	299	304	295	356	260	246	217	204
Saybrook										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)										
Enrollment	43	32	32							
APM Annex										
Square Feet					22,000	22,000	N/A	N/A	N/A	N/A
Capacity (students)					260	260	N/A	N/A	N/A	N/A
Enrollment					232	244	N/A	N/A	N/A	N/A
<u>Middle School</u>										
W.O. Krumbiegel										
Square Feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	483	473	458	457	452	443	660	693	701	712
<u>High School</u>										
Hillside High School										
Square Feet	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	1,055	947	946	909	891	880	842	798	821	826
<u>Other</u>										
Administration Building										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Number of Schools at June 30, 2015										
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)	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>School Facilities</b>										
Calvin Coolidge	\$ 62,076	\$ 55,019	\$ 148,291	\$ 120,488	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	\$ 110,896	\$ 106,508
Hurden Looker	124,840	82,189	230,107	133,321	214,919	270,582	93,510	123,229	175,272	147,442
Walter Krumbiegel	251,496	117,854	149,841	256,800	199,412	154,350	261,164	158,858	211,894	225,878
A.P. Morris	241,715	201,387	226,631	244,489	210,424	208,478	210,750	216,231	323,440	317,806
A.P. Morris Annex					56,562	23,981	-	-	-	-
George Washington	57,755	53,747	64,324	99,843	102,855	80,205	49,114	125,710	134,777	183,004
Hillside High School	249,090	221,163	345,727	407,198	430,940	681,035	910,999	395,337	582,576	359,771
Saybrook	15,549	14,846	28,578	25,621	21,813	12,451	13,992	39,877	20,029	37,193
<b>Total School Facilities</b>	<u>1,002,521</u>	<u>746,205</u>	<u>1,193,499</u>	<u>1,287,760</u>	<u>1,377,124</u>	<u>1,469,852</u>	<u>1,630,558</u>	<u>1,204,791</u>	<u>1,558,884</u>	<u>1,377,602</u>
<b>Other Facilities</b>										
Stadium	3,654	4,244	2,867	6,792	14,868	2,853	9,601	8,606	4,098	164,468
Administration	14,252	11,758	12,369	15,193	12,981	10,884	11,881	14,851	40,659	44,378
<b>Total Other Facilities</b>	<u>17,906</u>	<u>16,002</u>	<u>15,236</u>	<u>21,985</u>	<u>27,849</u>	<u>13,737</u>	<u>21,482</u>	<u>23,457</u>	<u>44,757</u>	<u>208,846</u>
<b>Grand Total</b>	<u>\$ 1,020,427</u>	<u>\$ 762,207</u>	<u>\$ 1,208,735</u>	<u>\$ 1,309,745</u>	<u>\$ 1,404,973</u>	<u>\$ 1,483,589</u>	<u>\$ 1,652,040</u>	<u>\$ 1,228,248</u>	<u>\$ 1,603,641</u>	<u>\$ 1,586,448</u>

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Source: School District's Financial Statements

**HILLSIDE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2015  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents (Blanket Property Limit)	\$ 250,000,000	\$ 500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	500
Boiler and Machinery/System Breakdown	100,000,000	2,500
Business Computer (EDP)	2,173,000	2,500
Educator's Legal Liability	5,000,000	35,000
Flood - Zones A&V	25,000,000	
Flood - All Other Zones	10,000,000	
Earthquake	25,000,000	
Primary Umbrella (Excess of GL & Auto only)	5,000,000	
Excess Umbrella (Excess GL, Auto, and E&O)	50,000,000	
Public Employees' Dishonesty	500,000	1,000
Surety Bonds		
Board Secretary/Business Administrator	50,000	

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

**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, 2015 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 23, 2015.

**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.



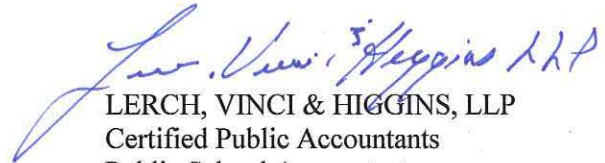
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Purpose of this Report**

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



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 23, 2015



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Hillside Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Hillside Board of Education's major federal and state programs for the fiscal year ended June 30, 2015. 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 15-08, 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, 2015.

**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 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hillside Board of Education's internal control over compliance.

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

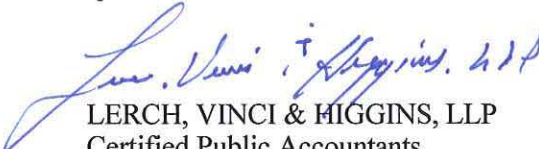
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2015 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 23, 2015, which contained unmodified opinion 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 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 23, 2015

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State State Project Number	Grant Period	Award Amount	Balance July 1, 2014	(A/R)	(Unearned Rev)	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2015			Memo GAAP Receivable	
						Carryover Amount	Carryover Amount					(Accounts Receivable)	Unearned Revenue/	Due to Grantor		
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
National School Lunch Program-Non-Cash Assi	10.555	N/A	7/1/13-6/30/14	\$ 125,005	\$ 2,922				\$ 2,922							
National School Lunch Program-Non-Cash Assi	10.555	N/A	7/1/14-6/30/15	124,999	-			\$ 124,999	118,694				\$ 6,305			
National School Lunch Program-Cash Assistanc	10.555	N/A	7/1/13-6/30/14	750,310	(156,915)			156,915								
National School Lunch Program-Cash Assistanc	10.555	N/A	7/1/14-6/30/15	787,549	-			641,590	787,549			\$ (145,959)			\$ (145,959)	
After School Snack	10.558	N/A	7/1/13-6/30/14	38,799	(8,506)			8,506								
After School Snack	10.558	N/A	7/1/14-6/30/15	40,314	-			33,077	40,314			(7,237)			(7,237)	
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	151,677	(34,787)			34,787								
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	203,260	-			161,274	203,260			(41,986)			(41,986)	
<b>Total U.S. Department of Agriculture</b>					<b>(197,286)</b>	<b>-</b>	<b>-</b>	<b>1,161,148</b>	<b>1,152,739</b>	<b>-</b>	<b>-</b>	<b>(195,182)</b>	<b>6,305</b>	<b>-</b>	<b>(195,182)</b>	
<b>U.S. Department of Education passed-through State Department of Education</b>																
<b>General Fund</b>																
SEMI-ARRA	93.778	N/A	10/1/08-12/31/10	44,555	-			44,555	44,555							
Special Education Medicaid Initiative(SEMI)Pr	93.778	N/A	7/1/14-6/30/15	194,620	-			194,620	194,620							
								239,175	239,175							
<b>Special Revenue Fund</b>																
<b>I.A.S.A. Consolidated Grant/NCLB</b>																
Title I	84.010A	NCLB219009	7/1/13-6/30/14	\$ 664,968	(149,005)	\$ 99,745	\$ (99,745)	\$ 149,005		\$ 6,025	\$ 6,025					
Title I	84.010A	NCLB219009	7/1/14-6/30/15	642,281	-	(99,745)	99,745	538,759	659,410			(203,267)	82,616		\$ (120,651)	
Title II	84.367A	NCLB219009	7/1/13-6/30/14	93,293	(15,468)	68,101	(68,101)	15,468								
Title II	84.367A	NCLB219009	7/1/14-6/30/15	95,218	-	(68,101)	68,101	94,423	102,013			(68,896)	61,306		(7,590)	
Title III	84.365A	NCLB219009	7/1/13-6/30/14	68,757	(25,775)	40,063	(40,063)	25,775								
Title III	84.365A	NCLB219009	7/1/14-6/30/15	58,293	-	(40,063)	40,063	66,404	77,112			(31,952)	21,244		(10,708)	
Title III, Emergency Immigrant	84.365A	NCLB219009	7/1/14-6/30/15	18,905	-			11,772	14,682			(7,133)	4,223		(2,910)	
<b>I.D.E.A. Part B</b>																
Basic Regular	84.027	IDEA219009	7/1/13-6/30/14	790,341	(120,282)	39,416	(39,416)	120,282								
Basic Regular	84.027	IDEA219009	7/1/14-6/30/15	816,662	-	(39,416)	39,416	771,552	840,414			(84,526)	15,664		(68,862)	
Preschool	84.173	IDEA219009	7/1/13-6/30/14	22,109	(21,126)	983	(983)	21,126								
Preschool	84.173	IDEA219009	7/1/14-6/30/15	21,986	-	(983)	983	21,986				(983)	983			
Parent Survey			7/1/14-6/30/15	251	-			251								
Perkins Secondary	84.048	PERK0214	9/1/13-6/30/14	23,027	(6,416)			6,416								
<b>Total U.S. Department of Education</b>					<b>(338,072)</b>	<b>-</b>	<b>-</b>	<b>1,843,219</b>	<b>1,715,868</b>	<b>6,025</b>	<b>6,025</b>	<b>(396,757)</b>	<b>186,036</b>	<b>-</b>	<b>(210,721)</b>	
<b>Total</b>					<b>\$ (535,358)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,243,542</b>	<b>\$ 3,107,782</b>	<b>\$ 6,025</b>	<b>\$ 6,025</b>	<b>\$ (591,939)</b>	<b>\$ 192,341</b>	<b>\$ -</b>	<b>\$ (405,903)</b>	

Adjustments represent cancellation of prior year orders.

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2015			Memo Only		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund</b>															
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 19,007,900	\$ (1,880,229)		\$ 1,880,229								*	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	19,007,900			17,140,864	\$ 19,007,900			\$ (1,867,036)				*	\$ 19,007,900
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	1,798,099	(177,963)		177,963								*	-
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,798,099	-		1,621,329	1,798,099			(176,770)				*	1,798,099
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	97,953	(9,695)		9,695								*	-
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	97,953	-		88,313	97,953			(9,640)				*	97,953
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	210,693	(20,853)		20,853								*	-
Security Aid	53-495-034-5120-084	7/1/14-6/30/15	210,693	-		189,980	210,693			(20,713)				*	210,693
Under Adequacy Aid	14-495-034-5120-096	7/1/13-6/30/14	6,164	(610)		610								*	-
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	6,164	-		5,558	6,164			(606)				*	6,164
Parcc Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	29,430	-		26,537	29,430			(2,893)				*	29,430
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	29,430	-		26,537	29,430			(2,893)				*	29,430
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	506,132	(500,903)		506,132								*	5,229
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	573,729	-			573,729			(573,729)				*	573,729
TPAF Pension - Post Ret. Medical	15-495-034-5094-001	7/1/14-6/30/15	1,917,058	-		1,917,058	1,917,058							*	1,917,058
TPAF Pension - NCGI Premium	15-495-034-5094-006	7/1/14-6/30/15	81,050	-		81,050	81,050							*	81,050
TPAF Pension - Normal Cost	15-495-034-5094-007	7/1/14-6/30/15	1,126,545	-		1,126,545	1,126,545							*	1,126,545
TPAF - Social Security	15-100-034-5095-003	7/1/13-6/30/14	1,663,016	(83,666)		83,171				(495)			\$	(495)	
TPAF - Social Security	15-100-034-5094-003	7/1/14-6/30/15	1,677,704	-		1,592,617	1,677,704			(85,087)				*	(85,087)
														*	
<b>Total General fund</b>				<b>(2,673,919)</b>		<b>26,495,041</b>	<b>26,560,984</b>			<b>(2,739,862)</b>				*	<b>(85,582)</b>
														*	<b>26,560,984</b>
<b>Special Revenue Fund</b>															
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	1,015,653	(101,565)		101,565								*	
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	953,343	-		858,009	953,425	\$ 82		(95,334)				*	\$ 953,425
<b>New Jersey Nonpublic Aid:</b>															
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	4,169	108					\$ 108					*	-
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	3,813	-		3,813	3,761					\$ 52		*	3,761
Technology Initiative Aid	14-100-034-5120-373	7/1/13-6/30/14	1,520	56						56				*	-
Technology Initiative Aid	15-100-034-5120-373	7/1/14-6/30/15	2,048	-		2,048	1,925					123		*	1,925
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	5,867	9						9				*	-
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	6,070	-		6,070	6,070							*	6,070
<b>Auxiliary Services:</b>															
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	114,701	104,429					104,429					*	-
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	11,645	-		11,645	5,222					6,423		*	5,222
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	6,110	5,237						5,237				*	-
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	914	-		914	-					914		*	-
Transportation	15-100-034-5120-067	7/1/14-6/30/15	756	-		756	-					756		*	-
<b>Handicapped Services:</b>															
Examination and Classification	14-100-034-5120-068	7/1/13-6/30/14	15,127	14,169					14,169					*	-
Examination and Classification	15-100-034-5120-068	7/1/14-6/30/15	4,502	-		4,502	-					4,502		*	-
Corrective Speech	14-100-034-5120-068	7/1/13-6/30/14	12,499	9,374						9,374				*	-
Corrective Speech	15-100-034-5120-068	7/1/14-6/30/15	4,418	-		4,418	-					4,418		*	-
Supplemental Instruction	14-100-034-5120-068	7/1/13-6/30/14	12,489	10,407					10,407					*	-
Supplemental Instruction	15-100-034-5120-068	7/1/14-6/30/15	1,569	-		1,569	-					1,569		*	-
														*	
<b>Total Special Revenue Fund</b>				<b>42,224</b>		<b>995,309</b>	<b>970,403</b>	<b>\$ 82</b>	<b>143,789</b>	<b>(95,334)</b>			<b>18,757</b>	*	<b>970,403</b>

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HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2015			GAAP Receivable	Memo Only Cumulative Total Expenditures
										(Accounts Receivable)	Unearned Revenue	Due to Grantor		
<b>State Department of Agriculture</b>														
<b>Enterprise Fund</b>														
National School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	\$ 17,324	\$ (4,357)		\$ 4,357				-			*	
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	17,135			13,597	\$ 17,135			(3,538)			*	\$ (3,538) \$ 17,135
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	17,542	(121)	-	-	-	-	-	(121)	-	-	*	(121) -
<b>Total Enterprise Fund</b>				(4,478)	-	17,954	17,135	-	-	(3,659)	-	-	*	(3,659) 17,135
<b>State of New Jersey Educational Facilities Construction and Financing</b>														
Window Replacement - Hillside High School	2190-050-14-1012	N/A	755,681	(27,480)			637,832			(755,681)	\$ 90,369		*	(755,681) 665,312
Hillside High School	2190-050-14-1005	N/A	299,785	(10,840)			205,759			(299,785)	83,186		*	(299,785) 216,599
Walter O. Krumbiegel Middle School	2190-085-14-1008	N/A	88,517	(3,896)			84,621			(88,517)	-		*	(88,517) 88,517
Hurden-Looker Elementary	2190-080-14-1007	N/A	313,789	(9,496)			212,398			(313,789)	91,895		*	(313,789) 221,894
AP Morris Early Childhood Center	2190-090-14-1009	N/A	121,962	(4,600)			90,668			(121,962)	26,694		*	(121,962) 95,268
George Washington Elementary School	2190-110-14-1010	N/A	177,703	(6,584)	-	-	94,826	-	-	(177,703)	76,293	-	*	(177,703) 101,410
<b>Total Capital Projects Fund</b>				(62,896)	-	-	1,326,104	-	-	(1,757,437)	368,437	-	*	(1,757,437) 1,389,000
<b>Grand Total</b>				(2,699,069)	-	27,508,304	28,874,626	\$ 82	\$ 143,789	(4,596,292)	368,437	\$ 18,757	*	(1,846,678) 28,937,522
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>														
TPAF Pension - Post Ret. Medical	15-495-034-5094-001	7/1/14-6/30/15	1,917,058			1,917,058	1,917,058			-			*	1,917,058
TPAF Pension - NCGI Premium	15-495-034-5095-006	7/1/14-6/30/15	81,050			81,050	81,050			-			*	81,050
TPAF Pension - Normal Cost	15-495-034-5095-007	7/1/14-6/30/15	1,126,545			1,126,545	1,126,545			-			*	1,126,545
				-	-	3,124,653	3,124,653			-			*	- 3,124,653
<b>Total for State Financial Assistance Determination</b>				\$ (2,699,069)	\$ -	\$ 24,383,651	\$ 25,749,973	\$ 82	\$ 143,789	\$ (4,596,292)	\$ 368,437	\$ 18,757	*	\$ (1,846,678) \$ 25,812,869

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**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$64,027 for the general fund and a decrease of \$26,953 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 239,175	\$ 26,496,957	\$ 26,736,132
Special Revenue Fund	1,682,383	976,935	2,659,318
Capital Projects Fund		1,326,104	1,326,104
Food Service Fund	<u>1,152,739</u>	<u>17,135</u>	<u>1,169,874</u>
Total Financial Assistance	<u>\$ 3,074,297</u>	<u>\$ 28,817,131</u>	<u>\$ 31,891,428</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, 2015**

**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 \$1,677,704 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,207,595 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,917,058 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

**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 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, 2015**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u>          </u> yes	<u>  X  </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u>          </u> yes	<u>  X  </u> none reported
Noncompliance material to the basic financial statements noted?	<u>          </u> yes	<u>  X  </u> no

**Federal Awards Section**

Internal Control over compliance:		
1) Material weakness(es) identified?	<u>          </u> yes	<u>  X  </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u>          </u> yes	<u>  X  </u> none reported

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?	<u>          </u> yes	<u>  X  </u> no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>93.778</u>	<u>Special Education Medicaid Initiative</u>
<u>84.027</u>	<u>IDEA Part B, Basic</u>
<u>84.173</u>	<u>IDEA Part B, Preschool</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.558</u>	<u>After School Snack</u>
<u>10.553</u>	<u>School Breakfast Program</u>

Dollar threshold used to determine Type A Programs	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>  X  </u> yes <u>          </u> no

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*Part I – Summary of Auditor's Results*

**State Awards Section**

Type of auditors' report on compliance for major programs: Unmodified

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       no

Any audit findings disclosed that are required to be reported  
in accordance with N.J. OMB Circular 15-08, as amended?                                  yes       X       no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>15-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>15-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-100-034-5120-473</u>	<u>Extraordinary Special Education Costs Aid</u>
<u>Various</u>	<u>State of New Jersey Educational Facilities</u>
<u></u>	<u>Construction and Financing - SDA</u>
<u>15-100-034-5094-003</u>	<u>TPAF - Social Security</u>
<u></u>	<u></u>

Dollar threshold used to determine Type A programs: \$       772,499      

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, 2015**

*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, 2015**

*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 15-08, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

*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 15-08.

**CURRENT YEAR STATE AWARDS**

There are none.

**HILLSIDE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2014-001**

Our audit of the District's Application for the State School Aid revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories.

**Current Status**

Corrective action has been taken.