

**HILLSIDE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Hillside, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Hillside Board of Education**

**Hillside, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



## HILLSIDE PUBLIC SCHOOLS

*"Providing Every Student, Every Learning Opportunity, Every Day"*

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

*Kenneth R. Weinheimer, Business Administrator/Board Secretary  
KWeinheimer@hillsidek12.org  
Ph: 908/352-7664 x 6428, Fax: 908/282-5830*

November 1, 2016

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, 2016 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, 2016, the data presented in this report is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the various funds of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget OMB A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

*Office of the Superintendent, Hillside Public Schools  
195 Virginia Street, Hillside, NJ 07205-2798  
Ph: 908/352-7664 x 6400, Fax: 908/282-5831; AGayles@hillsidek12.org*



## REPORTING ENTITY AND ITS SERVICES (Continued)

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Average Daily Attendance</u> | <u>Attendance Percentage</u> |
|--------------------|---------------------------------|---------------------------------|------------------------------|
| 2015-16            | 3140                            | 2853                            | 90.9%                        |
| 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                         |

## 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, 2016) 3,097.

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 funds over the years, there are still needs for significant renovations, additions and new core facilities.

Funds from 2015-16 continued to be used for improvement to facilities. Sidewalk replacement occurred at the Woodfield Stadium along with better handicapped accessibility at the bleachers. Certain interior doors were replaced at Hurden Looker School, Hillside High School and Walter O. Krumbiegel Middle School. New team room lockers were purchased for Hillside High School. Sanding and refinishing wooden floors in classrooms and painting restroom floors with resinous paint was accomplished at various schools.

The annual operating budget increased for the 2015-16 year within the two (2) percent limit established by the State of New Jersey and therefore did not require a public vote in 2015.

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. Over \$500,000 was invested in 2015-16 to fund a 1:1 Chromebook initiative that will impact students in grades 6 – 12. We are continuing with the maintenance and upgrade of buildings and grounds to the extent the budget allows.

## DEMOGRAPHICS OF STUDENT POPULATION

|                  |     |
|------------------|-----|
| African American | 64% |
| White            | 10% |
| Hispanic         | 22% |
| Other            | 4%  |

## MAJOR INITIATIVES:

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

To improve students problem-solving and critical thinking skills, Hurden Looker and George Washington Elementary Schools will implement Everyday Mathematics for students in grades 3-5. Professional staff development complemented the integration of new math standards with the new scope and sequence for Everyday Math. In grades 6-12 students received additional support in mathematics and language arts via academic labs. Students were assigned to labs based on academic need and interest. Other academic milestones included adding Accuplacer at the Hillside High School, 2<sup>nd</sup> grade Saturday STEM Academy partnership with Kean University, the Afterschool Book Club and our renewed partnership with the United Way and Family Success Center. These initiatives were all designed to provide comprehensive academic and social service support to our students and families.

During the 2015-16 school year, additional Chromebooks were purchased and used to enhance the delivery of instruction by introducing students to new information, new people and new perspectives on topics of interest. Teachers learned to use the latest classroom applications such as Google Classroom to compliment teaching and learning activities. In 2016, teachers-leaders will be identified to serve as facilitators to demonstrate instructional best practices using technology.

The success of the initiative prompted the Board to expand technology at the secondary level. At the April 2016 Board of Education meeting the board approved the purchase 1,500 Chromebooks for students in grades 6-12. This initiative will provide our students with a 21<sup>st</sup> century learning environment at home and in school.

Along with redesigning our instructional focus, Hillside Public Schools is undergoing an amazing facilities upgrade in the 2015-16 school year. The expansion of George Washington Elementary School will include four new state-of-the-art classrooms and a gymnasium. With a reconfiguration scheduled for the fall of 2017, the redesigned facility will house our 7<sup>th</sup> & 8<sup>th</sup> grade students from Walter O. Krumbiegel Middle School. The upgraded facilities will help us achieve the goal of our classrooms becoming laboratories for student success, in which they can engage in hands-on, minds-on experiential learning activities.

The core mission of the Hillside Public Schools continues to be elevating the achievement of all students. We continue to focus on strengthening all academic areas, student/teacher performance, and seeking and implementing innovative programs. We recognize the need to balance competing priorities. We are extremely

grateful that public education continues to be a priority in Hillside and the School Board believes that maintaining a top quality system of public schools is critical to the success of the students we serve.

**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, 2016.

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

**DEBT ADMINISTRATION:** As of June 30, 2016, the District had, during the 2015-16 year, secured a capital lease in the amount of \$6,750,000 to pay, in combination with capital reserve funds, for renovations and an addition to George Washington School. The district had no other outstanding long term debt at year-end.

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

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

**OTHER INFORMATION:**

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

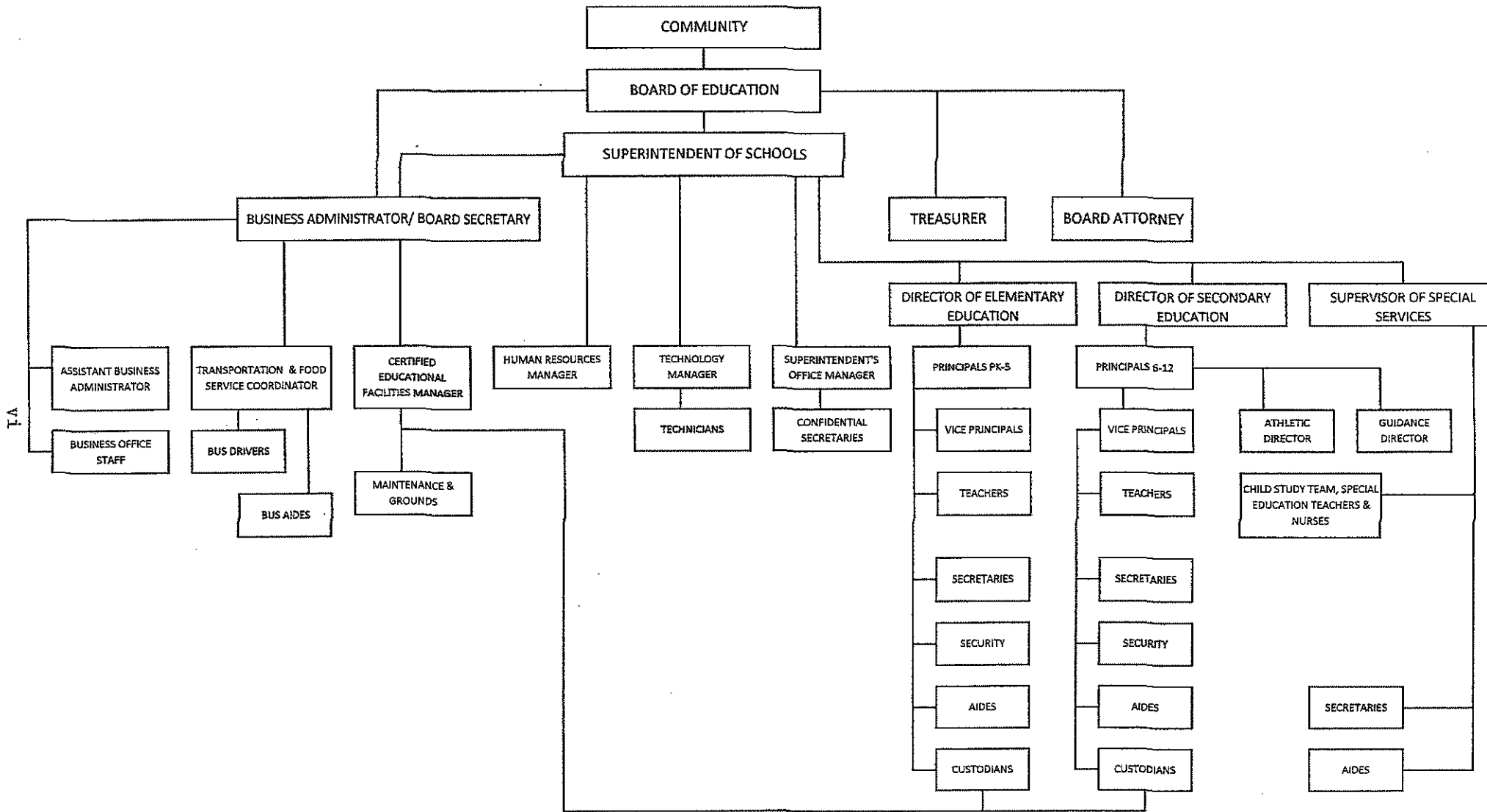


Antoine L. Gayles, Ed.D.  
Superintendent of Schools



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, 2016**

| <u>Name</u>                    | <u>Term Expires</u> |
|--------------------------------|---------------------|
| Christopher James, President   | 2016                |
| George L. Cook, Vice President | 2016                |
| Kisha Chiles-Bass              | 2018                |
| Cynthia Hampton-Sosa           | 2018                |
| Nancy Mondella                 | 2016                |
| Nagy A. Sileem                 | 2017                |
| Hawaiian Thompson-Epps         | 2018                |
| Dahlia Vertreese               | 2016                |
| Rayba Watson                   | 2017                |

Other Officials

Zende L. Clark, 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, 2016**

**ATTORNEY**

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

Machado Law Group  
136 Central Avenue  
Clark, NJ 07066

**AUDIT FIRM**

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

**OFFICIAL DEPOSITORY**

Investors Bank

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2016 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and 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.

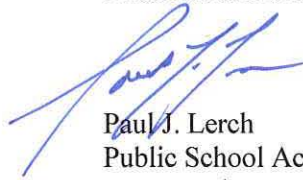
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2016 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 1, 2016

**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, 2016**

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, 2016. 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 2016 are as follows:

- District-Wide - Overall revenues were \$68,092,382. General revenues accounted for \$47,947,081 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$20,145,301 or 30 percent of total revenues of \$68,092,382.
- District-Wide - The School District had \$66,709,224 in expenses; only \$20,145,301 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$47,947,081 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 \$11,098,374, an increase of \$3,022,697 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2016, unassigned fund balance for the General Fund was \$(1,081,973), an increase of \$56,956.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

|  | District-Wide Statements  | Governmental Funds   | Proprietary Funds   |
|--|---|--|---|
| Scope  | Entire district (except fiduciary funds)  | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.  | Activities the district operates similar to private businesses  |
| Required financial statements  | Statements of Net Position<br>Statement of Activities   | Balance Sheet<br>Statement of Revenues, Expenditures and Changes in Fund Balances  | Statement of Net Position<br>Statement of Revenues, Expenses, and Changes in Fund Net Position, Statement of Cash Flows     |
| Accounting Basis and Measurement focus   | Accrual accounting and economic resources focus   | Modified accrual accounting and current financial focus  | Accrual accounting and Economic resources focus   |
| Type of asset/deferred inflows/outflows of resources and liability information | All assets deferred outflows of resources deferred inflows of resources and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                      | All assets deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information   | All revenues and expenses during year, regardless of when cash is received or paid  | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during the year, regardless of when cash is received or paid.                                     |

**District-wide Statements**

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

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

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



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

**District-wide Statements (Continued)**

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

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

**Fund Financial Statements (Continued)**

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

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2016 and 2015 which for 2016 and 2015 were \$5,725,816 and \$4,342,658, respectively (see Table A-2).

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

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

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

**Table A-1  
Statement of Net Position  
As of June 30, 2016 and 2015**

|   | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                   | <u>Total</u>        |                     |
|---|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
|   | <u>2016</u>                    | <u>2015</u>         | <u>2016</u>                     | <u>2015</u>       | <u>2016</u>         | <u>2015</u>         |
| <b>Assets</b>   |                                |                     |                                 |                   |                     |                     |
| Current and Other Assets                                      | \$ 12,626,885                  | \$ 4,804,135        | \$ 533,097                      | \$ 352,360        | \$ 13,159,982       | \$ 5,156,495        |
| Capital Assets  | 17,009,583                     | 16,610,812          | 84,085                          | 89,846            | 17,093,668          | 16,700,658          |
| <b>Total Assets</b>   | <b>29,636,468</b>              | <b>21,414,947</b>   | <b>617,182</b>                  | <b>442,206</b>    | <b>30,253,650</b>   | <b>21,857,153</b>   |
| <b>Deferred Outflows of Resources</b>                         |                                |                     |                                 |                   |                     |                     |
| Deferred Amounts on Net Pension Liability                     | 2,597,428                      | 552,786             | -                               | -                 | 2,597,428           | 552,786             |
| <b>Total Assets and Deferred<br/>Outflow of Resources</b>     | <b>32,233,896</b>              | <b>21,967,733</b>   | <b>617,182</b>                  | <b>442,206</b>    | <b>32,851,078</b>   | <b>22,409,939</b>   |
| <b>Liabilities</b>  |                                |                     |                                 |                   |                     |                     |
| Current Liabilities   | 1,538,197                      | 1,781,438           | 92,572                          | 74,635            | 1,630,769           | 1,856,073           |
| Non-Current Liabilities                                       | 25,206,888                     | 15,356,658          | -                               | -                 | 25,206,888          | 15,356,658          |
| <b>Total Liabilities</b>                                      | <b>26,745,085</b>              | <b>17,138,096</b>   | <b>92,572</b>                   | <b>74,635</b>     | <b>26,837,657</b>   | <b>17,212,731</b>   |
| <b>Deferred Inflows of Resources</b>                          |                                |                     |                                 |                   |                     |                     |
| Deferred Amounts on Net Pension Liability                     | 279,591                        | 848,245             | -                               | -                 | 279,591             | 848,245             |
| Deferred Commodities Revenue                                  | -                              | -                   | 8,014                           | 6,305             | 8,014               | 6,305               |
| <b>Total Liabilities and Deferred<br/>Inflow of Resources</b> | <b>27,024,676</b>              | <b>17,986,341</b>   | <b>100,586</b>                  | <b>80,940</b>     | <b>27,125,262</b>   | <b>18,067,281</b>   |
| <b>Net Position:</b>  |                                |                     |                                 |                   |                     |                     |
| Net Investment in Capital Assets                              | 16,566,172                     | 16,610,812          | 84,085                          | 89,846            | 16,650,257          | 16,700,658          |
| Restricted  | 9,618,305                      | 2,712,518           | -                               | -                 | 9,618,305           | 2,712,518           |
| Unrestricted  | (20,975,257)                   | (15,341,938)        | 432,511                         | 271,420           | (20,542,746)        | (15,070,518)        |
| <b>Total Net Position</b>                                     | <b>\$ 5,209,220</b>            | <b>\$ 3,981,392</b> | <b>\$ 516,596</b>               | <b>\$ 361,266</b> | <b>\$ 5,725,816</b> | <b>\$ 4,342,658</b> |

**Governmental activities.** Governmental activities increased the District's net position by \$1,227,828. Key elements of this increase are as follows: (see Table A-2)

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

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

Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015

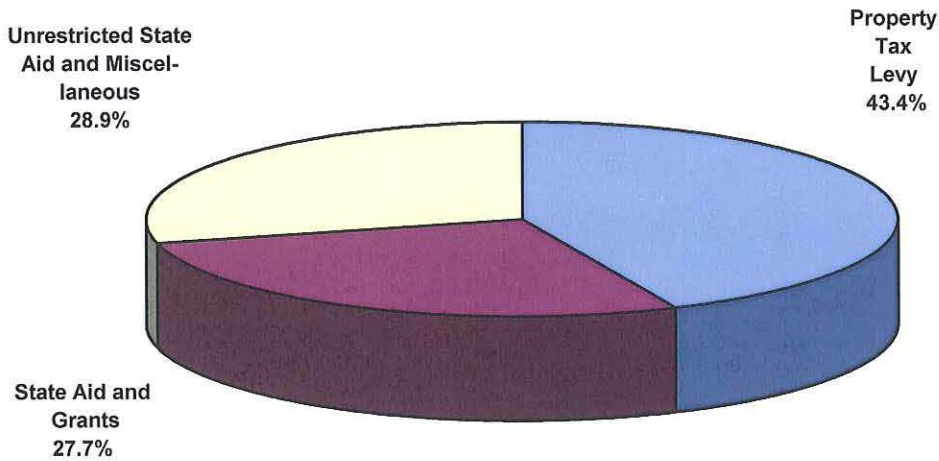
|                                       | <u>Governmental Activities</u> |                     | <u>Business-Type Activities</u> |                   | <u>Total</u>        |                     |
|---------------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
|                                       | <u>2016</u>                    | <u>2015</u>         | <u>2016</u>                     | <u>2015</u>       | <u>2016</u>         | <u>2015</u>         |
| <b>Revenues</b>                       |                                |                     |                                 |                   |                     |                     |
| Program Revenues                      |                                |                     |                                 |                   |                     |                     |
| Charges for Services                  | \$ 274,074                     | \$ 295,075          | \$ 419,494                      | \$ 412,934        | \$ 693,568          | \$ 708,009          |
| Operating Grants and Contributions    | 18,032,588                     | 15,583,774          | 1,292,118                       | 1,169,874         | 19,324,706          | 16,753,648          |
| Capital Grants & Contributions        | 127,027                        | 1,330,010           |                                 |                   | 127,027             | 1,330,010           |
| General Revenues                      |                                |                     |                                 |                   |                     |                     |
| Property Taxes                        | 28,776,862                     | 28,212,610          |                                 |                   | 28,776,862          | 28,212,610          |
| State and Federal Aid - Unrestricted  | 19,059,560                     | 19,080,335          |                                 |                   | 19,059,560          | 19,080,335          |
| Miscellaneous                         | 110,659                        | 149,445             | -                               | -                 | 110,659             | 149,445             |
| <b>Total Revenues</b>                 | <u>66,380,770</u>              | <u>64,651,249</u>   | <u>1,711,612</u>                | <u>1,582,808</u>  | <u>68,092,382</u>   | <u>66,234,057</u>   |
| <b>Expenses</b>                       |                                |                     |                                 |                   |                     |                     |
| Instruction                           |                                |                     |                                 |                   |                     |                     |
| Regular                               | 27,990,628                     | 26,795,030          |                                 |                   | 27,990,628          | 26,795,030          |
| Special Education                     | 9,942,845                      | 9,236,929           |                                 |                   | 9,942,845           | 9,236,929           |
| Other Instruction                     | 1,717,505                      | 1,595,651           |                                 |                   | 1,717,505           | 1,595,651           |
| School Sponsored Activities and Ath.  | 808,825                        | 777,843             |                                 |                   | 808,825             | 777,843             |
| Support Services                      |                                |                     |                                 |                   |                     |                     |
| Student and Instruction Related Serv. | 8,782,273                      | 7,909,394           |                                 |                   | 8,782,273           | 7,909,394           |
| Attendance and Social Work            | 32,058                         | 15,664              |                                 |                   | 32,058              | 15,664              |
| Educational Media/School Library      | 1,065,093                      | 935,502             |                                 |                   | 1,065,093           | 935,502             |
| General Administrative Services       | 1,204,577                      | 1,264,707           |                                 |                   | 1,204,577           | 1,264,707           |
| School Administrative Services        | 4,302,884                      | 4,066,728           |                                 |                   | 4,302,884           | 4,066,728           |
| Plant Operations and Maintenance      | 6,324,336                      | 6,197,970           |                                 |                   | 6,324,336           | 6,197,970           |
| Pupil Transportation                  | 1,702,699                      | 1,543,651           |                                 |                   | 1,702,699           | 1,543,651           |
| Central Services and Info. Technology | 1,224,377                      | 1,183,876           |                                 |                   | 1,224,377           | 1,183,876           |
| Interest on Long-Term Debt            | 54,842                         |                     |                                 |                   | 54,842              | -                   |
| Food Services                         | -                              | -                   | 1,556,282                       | 1,541,980         | 1,556,282           | 1,541,980           |
| <b>Total Expenses</b>                 | <u>65,152,942</u>              | <u>61,522,945</u>   | <u>1,556,282</u>                | <u>1,541,980</u>  | <u>66,709,224</u>   | <u>63,064,925</u>   |
| Change in Net Position                | 1,227,828                      | 3,128,304           | 155,330                         | 40,828            | 1,383,158           | 3,169,132           |
| Net Position, Beginning of Year       | <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>    |
| Net Position, End of Year             | <u>\$ 5,209,220</u>            | <u>\$ 3,981,392</u> | <u>\$ 516,596</u>               | <u>\$ 361,266</u> | <u>\$ 5,725,816</u> | <u>\$ 4,342,658</u> |

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

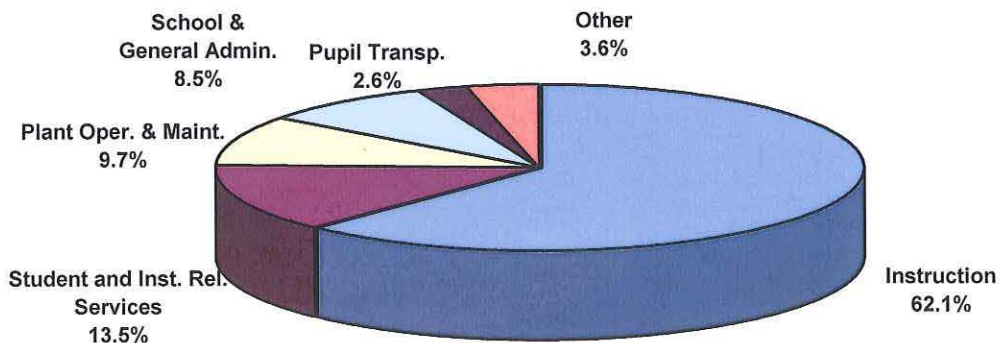
**Governmental activities.** The District's total governmental revenues were \$66,380,770. General revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$47,947,081 or 72% of total revenues. Program revenue from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$18,433,689 or 28%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$40,459,803 (62%), support services totaled \$24,638,297 (38%) and Debt Service totaled \$54,842 (less than 1%). (See Table A-2.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2016



Expenditures by Type- Governmental Activities  
For Fiscal Year 2016



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

**Governmental activities (Continued)**

**Table A-3  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2016 and 2015**

| <u>Functions/Programs</u>                 | <u>Cost of Services</u>     |                             | <u>Net Cost of Services</u> |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <u>2016</u>                 | <u>2015</u>                 | <u>2016</u>                 | <u>2015</u>                 |
| Governmental Activities                   |                             |                             |                             |                             |
| Instruction                               |                             |                             |                             |                             |
| Regular                                   | 27,990,628                  | \$ 26,795,030               | \$ 19,590,825               | \$ 19,926,015               |
| Special Education                         | 9,942,845                   | 9,236,929                   | 5,211,270                   | 4,243,227                   |
| Other Instruction                         | 1,717,505                   | 1,595,651                   | 819,758                     | 752,739                     |
| School Sponsored Activities and Athletics | 808,825                     | 777,843                     | 808,825                     | 777,843                     |
| Support Services                          |                             |                             |                             |                             |
| Student and Instruction Related Svcs.     | 8,782,273                   | 7,909,394                   | 6,122,649                   | 6,204,237                   |
| Attendance and Social Work                | 32,058                      | 15,664                      | 32,058                      | 15,664                      |
| Educational Media/School Library          | 1,065,093                   | 935,502                     | 880,309                     | 790,332                     |
| General Administrative Services           | 1,204,577                   | 1,264,707                   | 3,325,385                   | 1,187,863                   |
| School Administrative Services            | 4,302,884                   | 4,066,728                   | 1,189,100                   | 3,258,607                   |
| Plant Operations and Maintenance          | 6,324,336                   | 6,197,970                   | 6,024,716                   | 4,661,033                   |
| Pupil Transportation                      | 1,702,699                   | 1,543,651                   | 1,604,801                   | 1,445,643                   |
| Central Services                          | 1,224,377                   | 1,183,876                   | 1,054,715                   | 1,050,883                   |
| Interest on Long-Term Debt                | 54,842                      | -                           | 54,842                      | 1,050,883                   |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Total Governmental Activities             | <u>\$ 65,152,942</u>        | <u>\$ 61,522,945</u>        | <u>\$ 46,719,253</u>        | <u>\$ 45,364,969</u>        |

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$1,556,282. 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 \$155,330.

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

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

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

As the District completed the year, its governmental funds reported a combined fund balance of \$11,098,374. At June 30, 2015, the fund balance was \$8,075,677.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$59,550,978 and expenditures were \$58,225,301

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, 2016 and 2015.

**Revenues**

|                    | <b>Fiscal</b>               |                          | <b>Amount of</b>      | <b>Percent</b>       |
|--------------------|-----------------------------|--------------------------|-----------------------|----------------------|
|                    | <b>Years Ended June 30,</b> |                          |                       |                      |
|                    | <b><u>2016</u></b>          | <b><u>2015</u></b>       | <b><u>Change</u></b>  | <b><u>Change</u></b> |
| Local Sources      | \$ 29,175,489               | \$ 28,681,831            | \$ 493,658            | 1.72%                |
| State Sources      | 28,499,171                  | 28,799,996               | (300,825)             | -1.04%               |
| Federal Sources    | <u>1,876,318</u>            | <u>1,921,558</u>         | <u>(45,240)</u>       | -2.35%               |
| <br>Total Revenues | <br><u>\$ 59,550,978</u>    | <br><u>\$ 59,403,385</u> | <br><u>\$ 147,593</u> | <br>0.25%            |

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

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

The following schedule represents a summary of governmental funds expenditures for the fiscal years ended June 30, 2016 and 2015.

**Expenditures**

|                    | <b>Fiscal</b>               |                      |                      |                      |
|--------------------|-----------------------------|----------------------|----------------------|----------------------|
|                    | <b>Years Ended June 30,</b> |                      | <b>Amount of</b>     | <b>Amount of</b>     |
|                    | <b><u>2016</u></b>          | <b><u>2015</u></b>   | <b><u>Change</u></b> | <b><u>Change</u></b> |
| Current            |                             |                      |                      |                      |
| Instruction        | \$ 34,481,777               | \$ 33,986,413        | \$ 495,364           | 1.46%                |
| Support Services   | 22,319,235                  | 21,306,091           | 1,013,144            | 4.76%                |
| Capital Outlay     | 1,379,133                   | 2,667,359            | (1,288,226)          | -48.30%              |
| Debt Service       | <u>45,156</u>               | <u>-</u>             | <u>45,156</u>        | 100.00%              |
| <br>               |                             |                      |                      |                      |
| Total Expenditures | <u>\$ 58,225,301</u>        | <u>\$ 57,959,863</u> | <u>\$ 265,438</u>    | 0.46%                |

**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 consideration, in revenues is noted below:

- Once again, the district secured e-rate (Universal Services Fund monies) funding resulting in a total of \$386,736.74 of offsetting revenues to support basic telecommunications and new technology resources, as applicable.



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

**Capital Assets.** At the end of the fiscal years 2016 and 2015, 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>2016</u>              | <u>2015</u>              |
|-------------------------------------|--------------------------|--------------------------|
| Construction in Progress            | \$ 2,378,849             | \$ 2,620,874             |
| Buildings and Building Improvements | 22,335,158               | 20,972,520               |
| Machinery and Equipment             | <u>5,143,141</u>         | <u>4,884,621</u>         |
| <br>Total                           | <br>29,857,148           | <br>28,478,015           |
| Less: Accumulated Depreciation      | <u>12,847,565</u>        | <u>11,867,203</u>        |
| <br>Total                           | <br><u>\$ 17,009,583</u> | <br><u>\$ 16,610,812</u> |

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

**Debt Administration.** As of June 30, 2016 and 2015 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>2016</u>              | <u>2015</u>              |
|-----------------------------------|--------------------------|--------------------------|
| Compensated Absences Payable      | \$ 1,067,319             | \$ 1,123,065             |
| Lease Purchase Agreements Payable | 6,750,000                | -                        |
| Net Pension Liability             | <u>17,389,569</u>        | <u>14,233,593</u>        |
| <br>Total                         | <br><u>\$ 25,206,888</u> | <br><u>\$ 15,356,658</u> |

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

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

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

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a long history of defeated budgets the overall financial condition of the District has continued to improve from year-to-year. (Note that the Board of Education changed the budget vote to November and for the 2015-16 budget stayed within the 2% tax cap allowed by the State of New Jersey which resulted in no required public vote.) This improvement in the overall financial condition has been due to the sustained diligent review and responsible management of the financial resources of district administration. The District constantly reevaluates its finances in order to address instructional goals and facility maintenance and improvement needs while responding to the local, state and national economic pressures.

For the 2015-16 year, in the category of capital reserve, the board deposited \$1,000,000.

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

With funds from the 2015-16 fiscal year we continued to upgrade a number of areas in and around the schools. These included the renovation of the Hillside High School gymnasium, and started renovations and a new addition at George Washington School consisting of four new classrooms, an 8,000 square foot gymnasium and interior renovations to make four small group instructions rooms, new guidance offices, new nurse's suite and an upgraded kitchen. George Washington School is slated to house the 7<sup>th</sup> and 8<sup>th</sup> grades. Five-year lease purchase financing along with capital reserve money is funding this work.

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

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

**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, 2016**

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|--|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                      |                                    |                                     |                     |
| Cash and Cash Equivalents                          | \$ 4,717,572                       | \$ 273,193                          | \$ 4,990,765        |
| Receivables, net                                   |                                    |                                     |                     |
| Receivables from Other Governments                 | 1,522,127                          | 231,780                             | 1,753,907           |
| Other  | 80,597                             | 14,027                              | 94,624              |
| Inventory  |                                    | 14,097                              | 14,097              |
| Restricted Cash:                                   |                                    |                                     |                     |
| Cash held with Fiscal Agents                       | 6,306,589                          |                                     | 6,306,589           |
| Capital Assets, net:                               |                                    |                                     |                     |
| Not Being Depreciated                              | 2,378,849                          | -                                   | 2,378,849           |
| Being Depreciated                                  | 14,630,734                         | 84,085                              | 14,714,819          |
|  | <u>29,636,468</u>                  | <u>617,182</u>                      | <u>30,253,650</u>   |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>               |                                    |                                     |                     |
| Deferred Amounts on Net Pension Liability          | <u>2,597,428</u>                   | -                                   | <u>2,597,428</u>    |
| Total Assets and Deferred Outflow of Resources     | <u>32,233,896</u>                  | <u>617,182</u>                      | <u>32,851,078</u>   |
| <b>LIABILITIES</b>                                 |                                    |                                     |                     |
| Accounts Payable and Other Current Liabilities     | 1,190,938                          | 87,697                              | 1,278,635           |
| Unearned Revenue                                   | 323,155                            | 4,875                               | 328,030             |
| Accrued Interest Payable                           | 9,686                              |                                     | 9,686               |
| Payable to State Government                        | 14,418                             |                                     | 14,418              |
| Noncurrent Liabilities                             |                                    |                                     |                     |
| Due within one year                                | 1,305,000                          |                                     | 1,305,000           |
| Due beyond one year                                | 23,901,888                         | -                                   | 23,901,888          |
|  | <u>26,745,085</u>                  | <u>92,572</u>                       | <u>26,837,657</u>   |
| <b>DEFERRED INFLOW OF RESOURCES</b>                |                                    |                                     |                     |
| Deferred Amounts on Net Pension Liability          | 279,591                            |                                     | 279,591             |
| Deferred Commodities Revenue                       | -                                  | 8,014                               | 8,014               |
| Total Liabilities and Deferred Inflow of Resources | <u>27,024,676</u>                  | <u>100,586</u>                      | <u>27,125,262</u>   |
| <b>NET POSITION</b>                                |                                    |                                     |                     |
| Net Investment in Capital Assets                   | 16,566,172                         | 84,085                              | 16,650,257          |
| Restricted for:                                    |                                    |                                     |                     |
| Capital Projects                                   | 9,618,305                          |                                     | 9,618,305           |
| Unrestricted                                       | <u>(20,975,257)</u>                | <u>432,511</u>                      | <u>(20,542,746)</u> |
| Total Net Position                                 | <u>\$ 5,209,220</u>                | <u>\$ 516,596</u>                   | <u>\$ 5,725,816</u> |

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

**HILLSIDE BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Net (Expense) Revenue and  
Changes in Net Position**

| 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  | \$ 27,990,628        |                      | \$ 8,399,803                       |                                  | \$ (19,590,825)                                   |                          | \$ (19,590,825)     |
| Special Education                                | 9,942,845            | \$ 274,074           | 4,457,501                          |                                  | (5,211,270)                                       |                          | (5,211,270)         |
| Other Instruction                                | 1,717,505            |                      | 859,789                            | \$ 37,958                        | (819,758)   |                          | (819,758)           |
| School Sponsored Activities and Athletics        | 808,825              |                      |                                    |                                  | (808,825)   |                          | (808,825)           |
| Support Services:                                |                      |                      |                                    |                                  |   |                          |                     |
| Student & Instruction Related Services           | 8,782,273            |                      | 2,659,624                          |                                  | (6,122,649)                                       |                          | (6,122,649)         |
| Attendance and Social Work                       | 32,058               |                      |                                    |                                  | (32,058)  |                          | (32,058)            |
| Educational Media/School Library                 | 1,065,093            |                      | 184,784                            |                                  | (880,309)   |                          | (880,309)           |
| School Administrative Services                   | 4,302,884            |                      | 977,499                            |                                  | (3,325,385)                                       |                          | (3,325,385)         |
| General Administrative Services                  | 1,204,577            |                      | 15,477                             |                                  | (1,189,100)                                       |                          | (1,189,100)         |
| Plant Operations and Maintenance                 | 6,324,336            |                      | 210,551                            | 89,069                           | (6,024,716)                                       |                          | (6,024,716)         |
| Pupil Transportation                             | 1,702,699            |                      | 97,898                             |                                  | (1,604,801)                                       |                          | (1,604,801)         |
| Central Services and Information Technology      | 1,224,377            |                      | 169,662                            |                                  | (1,054,715)                                       |                          | (1,054,715)         |
| Interest on Long-Term Debt                       | 54,842               | -                    | -                                  | -                                | (54,842)  | -                        | (54,842)            |
| <b>Total Governmental Activities</b>             | <b>65,152,942</b>    | <b>274,074</b>       | <b>18,032,588</b>                  | <b>127,027</b>                   | <b>(46,719,253)</b>                               | <b>-</b>                 | <b>(46,719,253)</b> |
| Business-Type Activities:                        |                      |                      |                                    |                                  |   |                          |                     |
| Food Service                                     | 1,556,282            | 419,494              | 1,292,118                          | -                                | -   | \$ 155,330               | 155,330             |
| <b>Total Business-Type Activities</b>            | <b>1,556,282</b>     | <b>419,494</b>       | <b>1,292,118</b>                   | <b>-</b>                         | <b>-</b>  | <b>155,330</b>           | <b>155,330</b>      |
| <b>Total Primary Government</b>                  | <b>\$ 66,709,224</b> | <b>\$ 693,568</b>    | <b>\$ 19,324,706</b>               | <b>\$ 127,027</b>                | <b>(46,719,253)</b>                               | <b>155,330</b>           | <b>(46,563,923)</b> |
| General Revenues:                                |                      |                      |                                    |                                  |   |                          |                     |
| Property Taxes, levied for general purposes, net |                      |                      |                                    |                                  | 28,776,862  |                          | 28,776,862          |
| State and Federal Aid - Unrestricted             |                      |                      |                                    |                                  | 19,059,560  |                          | 19,059,560          |
| Miscellaneous Income                             |                      |                      |                                    |                                  | 110,659   |                          | 110,659             |
| <b>Total General Revenues</b>                    |                      |                      |                                    |                                  | <b>47,947,081</b>                                 | <b>-</b>                 | <b>47,947,081</b>   |
| <b>Change in Net Position</b>                    |                      |                      |                                    |                                  | <b>1,227,828</b>                                  | <b>155,330</b>           | <b>1,383,158</b>    |
| <b>Net Position—Beginning of Year</b>            |                      |                      |                                    |                                  | <b>3,981,392</b>                                  | <b>361,266</b>           | <b>4,342,658</b>    |
| <b>Net Position—End of Year</b>                  |                      |                      |                                    |                                  | <b>\$ 5,209,220</b>                               | <b>\$ 516,596</b>        | <b>\$ 5,725,816</b> |

**FUND FINANCIAL STATEMENTS**

**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |                                      |   |
| Cash and Cash Equivalents  | \$ 3,488,164            |                                     | \$ 1,229,408                         | \$ 4,717,572                            |
| Receivables From Other Governments                                 | 156,802                 | \$ 363,569                          | 1,001,756                            | 1,522,127                               |
| Due from Other Funds   | 320,257                 |                                     |                                      | 320,257                                 |
| Other Receivables  | 63,597                  | 17,000                              | -                                    | 80,597                                  |
| Restricted Cash:   |                         |                                     |                                      |   |
| Cash held with Fiscal Agents                                       | -                       | -                                   | 6,306,589                            | 6,306,589                               |
|  | <u>          </u>       | <u>          </u>                   | <u>          </u>                    | <u>          </u>                       |
| Total Assets   | <u>\$ 4,028,820</u>     | <u>\$ 380,569</u>                   | <u>\$ 8,537,753</u>                  | <u>\$ 12,947,142</u>                    |
| <b>LIABILITIES AND FUND BALANCES</b>                               |                         |                                     |                                      |   |
| Liabilities:   |                         |                                     |                                      |   |
| Accounts Payable   | \$ 704,471              | \$ 106,788                          | \$ 208,610                           | \$ 1,019,869                            |
| Accrued Salaries and Wages   | 168,569                 |                                     |                                      | 168,569                                 |
| Other Liabilities  | 2,500                   |                                     |                                      | 2,500                                   |
| Due to Other Funds   | -                       | 320,257                             |                                      | 320,257                                 |
| Intergovernmental Accounts Payable                                 |                         | 14,418                              |                                      | 14,418                                  |
| Unearned Revenue   | -                       | 43,787                              | 279,368                              | 323,155                                 |
|  | <u>          </u>       | <u>          </u>                   | <u>          </u>                    | <u>          </u>                       |
| Total Liabilities  | <u>875,540</u>          | <u>485,250</u>                      | <u>487,978</u>                       | <u>1,848,768</u>                        |
| Fund Balances:   |                         |                                     |                                      |   |
| Restricted   |                         |                                     |                                      |   |
| Capital Reserve  | 818,530                 |                                     |                                      | 818,530                                 |
| Capital Reserve - Designated for<br>Subsequent Year's Expenditures | 750,000                 |                                     |                                      | 750,000                                 |
| Capital Projects   |                         |                                     | 1,497,967                            | 1,497,967                               |
| Excess Surplus   | 416,663                 |                                     |                                      | 416,663                                 |
| Assigned   |                         |                                     |                                      |   |
| Encumbrances   | 1,616,768               |                                     | 6,551,808                            | 8,168,576                               |
| Designated for Subsequent Year's<br>Expenditures                   | 623,513                 |                                     |                                      | 623,513                                 |
| SEMI-Prior Year Settlement   | 9,779                   |                                     |                                      | 9,779                                   |
| Unassigned   |                         |                                     |                                      |   |
| General Fund   | (1,081,973)             |                                     |                                      | (1,081,973)                             |
| Special Revenue Fund   | -                       | (104,681)                           | -                                    | (104,681)                               |
|  | <u>          </u>       | <u>          </u>                   | <u>          </u>                    | <u>          </u>                       |
| Total Fund Balances (Deficit)                                      | <u>3,153,280</u>        | <u>(104,681)</u>                    | <u>8,049,775</u>                     | 11,098,374                              |
|  | <u>          </u>       | <u>          </u>                   | <u>          </u>                    | <u>          </u>                       |
| Total Liabilities and Fund Balances                                | <u>\$ 4,028,820</u>     | <u>\$ 380,569</u>                   | <u>\$ 8,537,753</u>                  |   |

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



**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016**

|  |                    |                            |
|--|--------------------|----------------------------|
| <b>Fund Balance Governmental Funds (Exhibit B-1)</b>   |                    | \$ 11,098,374              |
| <p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>   |                    |                            |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,857,148 and the accumulated depreciation is \$12,847,565.</p>                    |                    |                            |
|  |                    | 17,009,583                 |
| <p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p> |                    |                            |
| Deferred Outflows of Resources   | \$ 2,597,428       |                            |
| Deferred Inflows of Resources  | <u>(279,591)</u>   |                            |
|  |                    | 2,317,837                  |
| <p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>   |                    |                            |
|  |                    | (9,686)                    |
| <p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>   |                    |                            |
| Net Pension Liability  | (17,389,569)       |                            |
| Lease Purchase Agreements Payable  | (6,750,000)        |                            |
| Compensated Absences   | <u>(1,067,319)</u> |                            |
|  |                    | <u>(25,206,888)</u>        |
| <b>Net position of governmental activities (Exhibit A-1)</b>   |                    | <b>\$ <u>5,209,220</u></b> |

**HILLSIDE BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| <b>REVENUES</b>                                  |                         |                                     |                                      |   |
| Local Sources:                                   |                         |                                     |                                      |   |
| Property Tax Levy                                | \$ 28,776,862           |                                     |                                      | \$ 28,776,862                           |
| Tuition  | 274,074                 |                                     |                                      | 274,074                                 |
| Miscellaneous                                    | 110,372                 | \$ 13,894                           | \$ 287                               | 124,553                                 |
| <b>Total - Local Sources</b>                     | <b>29,161,308</b>       | <b>13,894</b>                       | <b>287</b>                           | <b>29,175,489</b>                       |
| State Sources                                    | 27,353,281              | 1,056,821                           | 89,069                               | 28,499,171                              |
| Federal Sources                                  | 95,840                  | 1,780,478                           | -                                    | 1,876,318                               |
| <b>Total Revenues</b>                            | <b>56,610,429</b>       | <b>2,851,193</b>                    | <b>89,356</b>                        | <b>59,550,978</b>                       |
| <b>EXPENDITURES</b>                              |                         |                                     |                                      |   |
| Current:   |                         |                                     |                                      |   |
| Regular Instruction                              | 22,303,978              | 1,035,890                           |                                      | 23,339,868                              |
| Special Education Instruction                    | 7,960,086               | 878,677                             |                                      | 8,838,763                               |
| Other Instruction                                | 968,550                 | 549,671                             |                                      | 1,518,221                               |
| School Sponsored Activities and Athletics        | 784,925                 |                                     |                                      | 784,925                                 |
| Support Services                                 |                         |                                     |                                      |   |
| Student & Instruction Related Services           | 6,721,711               | 859,218                             |                                      | 7,580,929                               |
| Attendance and Social Work                       | 30,874                  |                                     |                                      | 30,874                                  |
| Educational Media/School Library                 | 930,564                 |                                     |                                      | 930,564                                 |
| School Administrative Services                   | 3,645,694               |                                     |                                      | 3,645,694                               |
| General Administrative Services                  | 1,120,941               |                                     | 55,219                               | 1,176,160                               |
| Plant Operations and Maintenance                 | 6,169,873               |                                     |                                      | 6,169,873                               |
| Pupil Transportation                             | 1,690,104               |                                     |                                      | 1,690,104                               |
| Central Services and Information Technology      | 1,095,037               |                                     |                                      | 1,095,037                               |
| Debt Service                                     |                         |                                     |                                      |   |
| Interest   | 45,156                  |                                     |                                      | 45,156                                  |
| Capital Outlay                                   | 463,002                 | 37,958                              | 878,173                              | 1,379,133                               |
| <b>Total Expenditures</b>                        | <b>53,930,495</b>       | <b>3,361,414</b>                    | <b>933,392</b>                       | <b>58,225,301</b>                       |
| Excess (Deficiency) of Revenues                  |                         |                                     |                                      |   |
| Over (Under) Expenditures                        | 2,679,934               | (510,221)                           | (844,036)                            | 1,325,677                               |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                         |                                     |                                      |   |
| Lease Purchase Proceeds                          | -                       | -                                   | 6,750,000                            | 6,750,000                               |
| Transfers In                                     | 47,343                  | 500,874                             | 1,850,663                            | 2,398,880                               |
| Transfers Out                                    | (2,351,537)             | -                                   | (47,343)                             | (2,398,880)                             |
| <b>Total Other Financing Sources and (Uses)</b>  | <b>(2,304,194)</b>      | <b>500,874</b>                      | <b>8,553,320</b>                     | <b>6,750,000</b>                        |
| <b>Net Change in Fund Balances</b>               | <b>375,740</b>          | <b>(9,347)</b>                      | <b>7,709,284</b>                     | <b>8,075,677</b>                        |
| <b>Fund Balance (Deficit), Beginning of Year</b> | <b>2,777,540</b>        | <b>(95,334)</b>                     | <b>340,491</b>                       | <b>3,022,697</b>                        |
| <b>Fund Balance (Deficit), End of Year</b>       | <b>\$ 3,153,280</b>     | <b>\$ (104,681)</b>                 | <b>\$ 8,049,775</b>                  | <b>\$ 11,098,374</b>                    |

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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ 8,075,677**

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

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

|                      |                  |         |
|----------------------|------------------|---------|
| Capital Outlay       | \$ 1,379,133     |         |
| Depreciation Expense | <u>(980,362)</u> | 398,771 |

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

|                            |  |             |
|----------------------------|--|-------------|
| Debt Issued or Incurred:   |  |             |
| Issuance of Lease Purchase |  | (6,750,000) |

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

|                                  |               |           |
|----------------------------------|---------------|-----------|
| Increase in Pension Expenses     | (542,680)     |           |
| Decrease in Compensated Absences | <u>55,746</u> | (486,934) |

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

|  |  |                |
|--|--|----------------|
| The increase in accrued interest is a reduction in the reconciliation. |  | <u>(9,686)</u> |
|--|--|----------------|

**Change in net position of governmental activities (Exhibit A-2)** **\$ 1,227,828**

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2016**

|  | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/><u>Food Services</u></b> |
|--|--|
| <b>ASSETS</b>                                      |  |
| Current Assets                                     |  |
| Cash   | \$ 273,193   |
| Intergovernmental Receivable                       |  |
| State  | 3,333  |
| Federal  | 228,447  |
| Other Accounts Receivable                          | 14,027   |
| Inventories  | <u>14,097</u>  |
| Total Current Assets                               | <u>533,097</u>   |
| Capital Assets                                     |  |
| Equipment  | 400,980  |
| Less: Accumulated Depreciation                     | <u>(316,895)</u>   |
| Total Capital Assets, Net                          | <u>84,085</u>  |
| Total Assets                                       | <u>617,182</u>   |
| <b>LIABILITIES</b>                                 |  |
| Current Liabilities                                |  |
| Accounts Payable                                   | 87,647   |
| Unearned Revenue                                   | 4,875  |
| Other Current Liabilities                          | <u>50</u>  |
| Total Current Liabilities                          | <u>92,572</u>  |
| <b>DEFERRED INFLOW OF RESOURCES</b>                |  |
| Deferred Commodities Revenue                       | <u>8,014</u>   |
| Total Liabilities and Deferred Inflow of Resources | <u>100,586</u>   |
| <b>NET POSITION</b>                                |  |
| Investment in Capital Assets                       | 84,085   |
| Unrestricted                                       | <u>432,511</u>   |
| Total Net Position                                 | <u>\$ 516,596</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, 2016**

|  | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/><u>Food Services</u></b> |
|--|--|
| <b>OPERATING REVENUES</b>                  |  |
| Charges for Services                       |  |
| Program Sales                              | \$ 185,960   |
| Nonprogram Sales                           | 221,441  |
| Special Functions                          | 11,361   |
| Miscellaneous                              | <u>732</u>   |
| <br>Total Operating Revenues               | <br><u>419,494</u>   |
| <b>OPERATING EXPENSES</b>                  |  |
| Cost of Sales - Program                    | 808,700  |
| Cost of Sales - Nonprogram                 | 46,083   |
| Salaries and Employee Benefits             | 598,446  |
| Depreciation                               | 11,557   |
| Other Purchased Services                   | 83,244   |
| Supplies and Materials                     | <u>8,252</u>   |
| <br>Total Operating Expenses               | <br><u>1,556,282</u>   |
| <br>Operating (Loss)                       | <br><u>(1,136,788)</u>   |
| <b>NONOPERATING REVENUES</b>               |  |
| State Sources                              |  |
| School Lunch Program                       | 16,754   |
| Federal Sources                            |  |
| School Breakfast Program                   | 293,449  |
| National School Lunch Program              | 814,060  |
| Food Distribution Programs                 | 138,553  |
| After School Snack Program                 | <u>29,302</u>  |
| <br>Total Nonoperating Revenues            | <br><u>1,292,118</u>   |
| <br>Change in Net Position                 | <br>155,330  |
| <br>Total Net Position - Beginning of Year | <br><u>361,266</u>   |
| <br>Total Net Position - End of Year       | <br><u>\$ 516,596</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, 2016**

|  | <b>Business-Type<br/>Activities<br/>Enterprise Fund<br/><u>Food Services</u></b> |
|--|--|
| <b>Cash Flows from Operating Activities</b>  |  |
| Cash Received from Customers   | \$ 409,253   |
| Cash Payments for Employees' Salaries and Benefits                                   | (598,446)  |
| Cash Payments to Suppliers for Goods and Services                                    | <u>(770,627)</u>   |
| Net Cash (Used) by Operating Activities  | <u>(959,820)</u>   |
| <b>Cash Flows from Noncapital Financing Activities</b>                               |  |
| Cash Received from State and Federal Subsidy Reimbursements                          | <u>1,120,627</u>   |
| Net Cash Provided by Noncapital Financing Activities                                 | <u>1,120,627</u>   |
| <b>Cash Flows from Capital Financing Activities</b>                                  |  |
| Acquisition of Capital Assets  | <u>(5,796)</u>   |
| Net Cash (Used) by Noncapital Financing Activities                                   | <u>(5,796)</u>   |
| Net Increase in Cash and Cash Equivalents  | 155,011  |
| Cash and Cash Equivalents, Beginning of Year   | <u>118,182</u>   |
| Cash and Cash Equivalents, End of Year   | <u>\$ 273,193</u>  |
| <b>Reconciliation of Operating Loss to Net Cash<br/>Used by Operating Activities</b> |  |
| Operating (Loss)   | <u>\$ (1,136,788)</u>  |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Used by Operating Activities  |  |
| Depreciation   | 11,557   |
| Non Cash Federal Assistance-Food Distribution Program                                | 138,553  |
| Change in Assets and Liabilities   |  |
| Increase/(Decrease) in Accounts Payable  | 16,611   |
| Increase/(Decrease) in Deferred Revenue  | 1,326  |
| (Increase)/Decrease in Accounts Receivable   | 6,009  |
| (Increase)/Decrease in Inventory   | <u>2,912</u>   |
| Total Adjustments  | <u>176,968</u>   |
| Net Cash (Used) by Operating Activities  | <u>\$ (959,820)</u>  |
| Non-Cash Investing, Capital and Financing Activities                                 |  |
| Value Received for Food Distribution Program   | \$ 140,261   |

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, 2016**

|   | <u>Unemployment<br/>Trust Fund</u> | <u>Private Purpose<br/>Trust Funds</u> | <u>Agency Fund</u> |
|---|------------------------------------|--|--------------------|
| <b>ASSETS</b>   |                                    |  |                    |
| Cash and Cash Equivalents                                   | \$ 309,562                         | \$ 2,780                               | \$ 443,597         |
| Accounts Receivable   | <u>-</u>                           | <u>-</u>                               | <u>872</u>         |
| Total Assets  | <u>309,562</u>                     | <u>2,780</u>                           | <u>444,469</u>     |
| <b>LIABILITIES</b>  |                                    |  |                    |
| Payroll Deductions and Withholdings                         |                                    |  | \$ 346,192         |
| Intergovernmental Accounts Payable                          | 16,435                             |  |                    |
| Due to Student Groups                                       | <u>-</u>                           | <u>-</u>                               | <u>98,277</u>      |
| Total Liabilities   | <u>16,435</u>                      | <u>-</u>                               | <u>\$ 444,469</u>  |
| <b>NET POSITION</b>   |                                    |  |                    |
| Held in Trust for Unemployment Claims<br>and Other Purposes | <u>\$ 293,127</u>                  | <u>\$ 2,780</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, 2016**

|                                 | <u>Unemployment<br/>Trust Fund</u> | <u>Private Purpose<br/>Trust Funds</u> |
|---------------------------------|------------------------------------|--|
| <b>ADDITIONS</b>                |                                    |  |
| Contributions                   |                                    |  |
| District                        | \$ 35,000                          |  |
| Employee                        | 48,936                             | -                                      |
|                                 | <u>83,936</u>                      | <u>-</u>                               |
| Investment Earnings             |                                    |  |
| Interest                        | -                                  | \$ 2                                   |
|                                 | <u>83,936</u>                      | <u>2</u>                               |
| <b>DEDUCTIONS</b>               |                                    |  |
| Unemployment Claims             | 73,878                             | -                                      |
|                                 | <u>73,878</u>                      | <u>-</u>                               |
| Change in Net Position          | 10,058                             | 2                                      |
| Net Position, Beginning of Year | <u>283,069</u>                     | <u>2,778</u>                           |
| Net Position, End of Year       | <u>\$ 293,127</u>                  | <u>\$ 2,780</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, 2016**

**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 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*. 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

- GASB No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**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, 2016

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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016**

**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 Board's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

***4. Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements for capital projects and/or certificates of participation, principal and interest.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**5. Capital Assets**

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

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. The other item that qualifies to be reported under this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities 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, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Compensated Absences*

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

**Governmental Fund Statements**

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

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

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

*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 2016/2017 District budget certified for taxes.

*SEMI – Prior Year Settlement* – This designation was created to dedicate the portion of the SEMI revenue that is unexpended at June 30, 2016 that will be appropriated either by Board resolution into the 2016/2017 budget or in the adopted 2017/18 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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$3,464,801. 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 balance deficit of \$1,081,973 in the General Fund and \$104,681 in the Special Revenue Fund as of June 30, 2016 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 2015/2016 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, 2016**

**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 \$1,081,973 in the General Fund and \$104,681 in the Special Revenue Fund are less than the delayed state aid payments and state aid advance payment balance at June 30, 2016.

**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, 2016 is as follows:

|   |                  |                     |
|---|------------------|---------------------|
| Balance, July 1, 2015                         |                  | \$ 2,372,027        |
| Increased by                                  |                  |                     |
| Interest earnings                             | \$ 110           |                     |
| Deposits approved by Board Resolution         | 1,000,000        |                     |
| Transferred - Capital Projects Fund           | <u>47,056</u>    |                     |
| Total Increases                               |                  | 1,047,166           |
| Decreased by                                  |                  |                     |
| Approved by Board Resolution                  | <u>1,850,663</u> |                     |
| Total Withdrawals                             |                  | <u>1,850,663</u>    |
| Balance, June 30, 2016                        |                  | <u>\$ 1,568,530</u> |
| Analysis of Balance                           |                  |                     |
| Designated for Subsequent Year's Expenditures | \$ 750,000       |                     |
| Capital Reserve                               | <u>818,530</u>   |                     |
|   |                  | <u>\$ 1,568,530</u> |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$416,663. This amount will be appropriated in the 2017/2018 original budget certified for taxes.

**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, 2016, the book value of the Board's deposits were \$12,053,293 and bank and brokerage firm balances of the Board's deposits amounted to \$13,714,744. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

|         |                      |
|---------|----------------------|
| Insured | <u>\$ 13,714,744</u> |
|---------|----------------------|

**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, 2016 the Board had no balance that was 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, 2016, the Board had no outstanding investments.

Investments and interest earnings in the Capital Projects Fund are assigned to the General Fund.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                       | <u>General</u>    | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Food<br/>Service</u> | <u>Agency<br/>Fund</u> | <u>Total</u>        |
|---------------------------------------|-------------------|----------------------------|-----------------------------|-------------------------|------------------------|---------------------|
| Receivables:                          |                   |                            |                             |                         |                        |                     |
| Accounts                              | \$ 63,597         | \$ 17,000                  |                             | \$ 14,027               | \$ 872                 | \$ 95,496           |
| Intergovernmental                     | <u>156,802</u>    | <u>363,569</u>             | <u>\$ 1,001,756</u>         | <u>231,780</u>          | <u>-</u>               | <u>1,753,907</u>    |
| Gross Receivables                     | 220,399           | 380,569                    | 1,001,756                   | 245,807                 | 872                    | 1,849,403           |
| Less: Allowance for<br>Uncollectibles | <u>-</u>          | <u>-</u>                   | <u>-</u>                    | <u>-</u>                | <u>-</u>               | <u>-</u>            |
| Net Total Receivables                 | <u>\$ 220,399</u> | <u>\$ 380,569</u>          | <u>\$ 1,001,756</u>         | <u>\$ 245,807</u>       | <u>\$ 872</u>          | <u>\$ 1,849,403</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                     | \$ 40,790             |
| Grant Draw Downs Reserved for Encumbrances        | 2,997                 |
| Capital Projects Fund                             |                       |
| Unrealized School Facilities Grant                | <u>279,368</u>        |
| <br>Total Unearned Revenue for Governmental Funds | <br><u>\$ 323,155</u> |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

|  | Balance,<br>July 1, 2015 | Increases         | Decreases          | Balance,<br>June 30, 2016 |
|--|--------------------------|-------------------|--------------------|---------------------------|
| <b>Governmental activities:</b>              |                          |                   |                    |                           |
| Capital assets, not being depreciated:       |                          |                   |                    |                           |
| Construction in Progress                     | \$ 2,620,874             | \$ 1,037,291      | \$ (1,279,316)     | \$ 2,378,849              |
| Total capital assets, not being depreciated  | <u>2,620,874</u>         | <u>1,037,291</u>  | <u>(1,279,316)</u> | <u>2,378,849</u>          |
| Capital assets, being depreciated:           |                          |                   |                    |                           |
| Buildings and Building Improvements          | 20,972,520               | 83,322            | 1,279,316          | 22,335,158                |
| Machinery and Equipment                      | 4,884,621                | 258,520           | -                  | 5,143,141                 |
| Total capital assets being depreciated       | <u>25,857,141</u>        | <u>341,842</u>    | <u>1,279,316</u>   | <u>27,478,299</u>         |
| Less accumulated depreciation for:           |                          |                   |                    |                           |
| Buildings and Building Improvements          | (8,476,231)              | (570,121)         |                    | (9,046,352)               |
| Machinery and Equipment                      | (3,390,972)              | (410,241)         | -                  | (3,801,213)               |
| Total accumulated depreciation               | <u>(11,867,203)</u>      | <u>(980,362)</u>  | <u>-</u>           | <u>(12,847,565)</u>       |
| Total capital assets, being depreciated, net | <u>13,989,938</u>        | <u>(638,520)</u>  | <u>1,279,316</u>   | <u>14,630,734</u>         |
| Governmental activities capital assets, net  | <u>\$ 16,610,812</u>     | <u>\$ 398,771</u> | <u>\$ -</u>        | <u>\$ 17,009,583</u>      |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets (Continued)**

|  | Balance,<br>July 1, 2015 | Increases         | Decreases   | Balance,<br>June 30, 2016 |
|--|--------------------------|-------------------|-------------|---------------------------|
| <b>Business-type activities:</b>             |                          |                   |             |                           |
| Capital assets, being depreciated:           |                          |                   |             |                           |
| Machinery and Equipment                      | \$ 395,184               | \$ 5,796          | -           | \$ 400,980                |
| Total capital assets being depreciated       | <u>395,184</u>           | <u>5,796</u>      | <u>-</u>    | <u>400,980</u>            |
| Less accumulated depreciation for:           |                          |                   |             |                           |
| Machinery and Equipment                      | (305,338)                | (11,557)          | -           | (316,895)                 |
| Total accumulated depreciation               | <u>(305,338)</u>         | <u>(11,557)</u>   | <u>-</u>    | <u>(316,895)</u>          |
| Total capital assets, being depreciated, net | <u>89,846</u>            | <u>(5,761)</u>    | <u>-</u>    | <u>84,085</u>             |
| Business-type activities capital assets, net | <u>\$ 89,846</u>         | <u>\$ (5,761)</u> | <u>\$ -</u> | <u>\$ 84,085</u>          |

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

|  |                   |
|--|-------------------|
| <b>Governmental activities:</b>                      |                   |
| Instruction  |                   |
| Regular  | \$ 450,503        |
| Special  | 115,037           |
| Other  | 18,721            |
| School Sponsored/Other Instructional                 | <u>15,384</u>     |
| Total Instruction                                    | <u>599,645</u>    |
| Support Services                                     |                   |
| Student and Instruction Related Services             | 137,260           |
| Attendance   | 762               |
| Educational Media School Library                     | 21,316            |
| General Administration                               | 12,824            |
| School Administration                                | 77,704            |
| Operation and Plant Maintenance                      | 99,426            |
| Student Transportation                               | 8,107             |
| Central and Other Support Services                   | <u>23,318</u>     |
| Total Support Services                               | <u>380,717</u>    |
| Total Depreciation Expense - Governmental Activities | <u>\$ 980,362</u> |
| <b>Business-type activities:</b>                     |                   |
| Food Service Fund                                    | <u>\$ 11,557</u>  |



**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments (Modify)**

The District has the following active construction projects as of June 30, 2016:

| <u>Project</u>  | <u>Remaining<br/>Commitment</u> |
|---|---------------------------------|
| Electrical System Upgrades  | \$ 19,945                       |
| Window Replacement at Hillside High School                                | 25,000                          |
| High School Gyn Renovation  | 424,000                         |
| Construction of an Additon and Renovations to<br>George Washington School | 6,570,000                       |
| New Bleachers in High School Gym  | 116,520                         |
| Computer Supplies and Equipment   | 1,099,093                       |
| Weight Room Equipment at High School                                      | <u>130,910</u>                  |
| Total   | <u>\$ 8,385,468</u>             |

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds**

| <u>Receivable Fund</u> | <u>Payable Fund</u>  | <u>Amount</u>     |
|------------------------|----------------------|-------------------|
| General Fund           | Special Revenue Fund | \$ <u>320,257</u> |
| Total                  |                      | \$ <u>320,257</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, 2016**

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

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

**Interfund transfers**

|                       | Transfer In:            |                                 |                                  | <u>Total</u> |
|-----------------------|-------------------------|---------------------------------|----------------------------------|--------------|
|                       | <u>General<br/>Fund</u> | <u>Special Revenue<br/>Fund</u> | <u>Capital Projects<br/>Fund</u> |              |
| Transfer Out:         |                         |                                 |                                  |              |
| General Fund          |                         | \$ 500,874                      | \$ 1,850,663                     | \$ 2,351,537 |
| Capital Projects Fund | \$ 47,343               | -                               | -                                | 47,343       |
| <br>Total             | \$ 47,343               | \$ 500,874                      | \$ 1,850,663                     | \$ 2,398,880 |

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

**F. Leases**

**Capital Leases**

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

The unexpended proceeds from capital leases in the amount of \$6,306,589 at June 30, 2016 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

| Fiscal Year<br>Ending<br><u>June 30,</u> | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| 2017                                     | \$ 1,424,902                       |
| 2018                                     | 1,420,492                          |
| 2019                                     | 1,420,615                          |
| 2020                                     | 1,415,319                          |
| 2021                                     | 1,413,068                          |
| Total minimum lease payments             | 7,094,396                          |
| Less: amount representing interest       | (344,396)                          |
| Present value of minimum lease payments  | \$ 6,750,000                       |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**G. Long-Term Debt**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

|   |                      |
|---|----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 65,567,178        |
| Less: Net Debt                              | <u>-</u>             |
| Remaining Borrowing Power                   | <u>\$ 65,567,178</u> |

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

|  | <u>Balance,<br/>July 1, 2015</u> | <u>Additions</u>     | <u>Reductions</u> | <u>Balance,<br/>June 30, 2016</u> | <u>Due<br/>Within<br/>One Year</u> |
|--|----------------------------------|----------------------|-------------------|-----------------------------------|------------------------------------|
| <b>Governmental activities:</b>                |                                  |                      |                   |                                   |                                    |
| Compensated absences                           | \$ 1,123,065                     |                      | \$ 55,746         | \$ 1,067,319                      |                                    |
| Lease Purchase Agreements                      |                                  | \$ 6,750,000         |                   | 6,750,000                         | \$ 1,305,000                       |
| Net Pension Liability                          | <u>14,233,593</u>                | <u>3,821,976</u>     | <u>666,000</u>    | <u>17,389,569</u>                 | <u>-</u>                           |
| Governmental activity<br>Long-term liabilities | <u>\$ 15,356,658</u>             | <u>\$ 10,571,976</u> | <u>\$ 721,746</u> | <u>\$ 25,206,888</u>              | <u>\$ 1,305,000</u>                |

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

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

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

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> |
|----------------------------|-------------------------------|-------------------------------|--------------------------|-----------------------|
| 2016                       | \$ 35,000                     | \$ 48,936                     | \$ 73,878                | \$ 293,127            |
| 2015                       | 35,000                        | 48,443                        | 95,414                   | 283,069               |
| 2014                       | 50,000                        | 44,702                        | 106,778                  | 295,040               |

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, 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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**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.

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).

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 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.

**Actuarial Methods and Assumptions**

In the July 1, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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 6.92% for PERS, 6.92% 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, 2016 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, 2016, 2015 and 2014 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<br><u>June 30,</u> | <u>PERS</u> | On-behalf<br><u>TPAF</u> | <u>DCRP</u> |
|-------------------------------|-------------|--------------------------|-------------|
| 2015                          | \$ 666,000  | \$ 1,790,302             | \$ 2,826    |
| 2015                          | 626,723     | 1,207,595                | 2,647       |
| 2014                          | 569,494     | 949,577                  | 1,586       |

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,790,302 and \$1,207,595, 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.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,692,596 during the fiscal year ended June 30, 2016 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.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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**

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$17,389,569 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .07747 percent, which was an increase of .00145 percent from its proportionate share measured as of June 30, 2014 of .07602 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,208,680 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

|  | <u>2015</u>                                   |  |
|--|---|--|
|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
| Difference Between Expected and Actual Experience  | \$ 414,854                                    |  |
| Changes of Assumptions   | 1,867,501                                     |  |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                             |   | \$ 279,591                                   |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>315,073</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 2,597,428</u>                           | <u>\$ 279,591</u>                            |

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<br>Ending<br><u>June 30,</u> |                     |
|--|---------------------|
| 2017                                     | \$ 433,418          |
| 2018                                     | 433,418             |
| 2019                                     | 433,418             |
| 2020                                     | 645,479             |
| 2021                                     | <u>372,104</u>      |
|  | <u>\$ 2,317,837</u> |



**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                                | <u>PERS</u>                |
|--------------------------------|----------------------------|
| Inflation Rate                 | 3.04%                      |
| Salary Increases:              |                            |
| 2012-2021                      | 2.15-4.40%                 |
| Thereafter                     | Based on Age<br>3.15-5.40% |
| Investment Rate of Return      | Based on Age<br>7.90%      |
| Mortality Rate Table           | RP-2000                    |
| Period of Actuarial Experience | July 1, 2008 -             |
| Study Upon Which Actuarial     | June 30, 2011              |
| Assumptions were Based         |                            |

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, 2016**

**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, 2015 are summarized in the following table:

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash                        | 5.00%                    | 1.04%   |
| U.S. Treasuries             | 1.75%                    | 1.64%   |
| Investment Grade Credit     | 10.00%                   | 1.79%   |
| Mortgages                   | 2.10%                    | 1.62%   |
| High Yield Bonds            | 2.00%                    | 4.03%   |
| Inflation-Indexed Bonds     | 1.50%                    | 3.25%   |
| Broad US Equities           | 27.25%                   | 8.52%   |
| Developed Foreign Equities  | 12.00%                   | 6.88%   |
| Emerging Market Equities    | 6.40%                    | 10.00%  |
| Private Equity              | 9.25%                    | 12.41%  |
| Hedge Funds/Absolute Return | 12.00%                   | 4.72%   |
| Real Estate (Property)      | 2.00%                    | 6.83%   |
| Commodities                 | 1.00%                    | 5.32%   |
| Global Debt ex US           | 3.50%                    | -0.40%  |
| REIT                        | 4.25%                    | 5.12%   |

***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        | 4.90%                |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

|  |                                     |
|--|-------------------------------------|
| Period of Projected Benefit<br>Payments for which the Following<br>Rates were Applied: |                                     |
| Long-Term Expected Rate of Return  | Through June 30, 2033               |
| Municipal Bond Rate *  | From July 1, 2033<br>and Thereafter |

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

|   | <b>1%<br/>Decrease<br/>(3.90%)</b> | <b>Current<br/>Discount Rate<br/>(4.90%)</b> | <b>1%<br/>Increase<br/>(5.90%)</b> |
|---|------------------------------------|--|------------------------------------|
| District's Proportionate Share of<br>the PERS Net Pension Liability | <u>\$ 21,613,107</u>               | <u>\$ 17,389,569</u>                         | <u>\$ 13,848,586</u>               |

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,620,094 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$141,176,459. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .06106 percent, which was an increase of .00725 percent from its proportionate share measured as of June 30, 2014 of .05381 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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<br>on experience |
| Thereafter                     | Varies based<br>on experience |
| Investment Rate of Return      | 7.90%                         |
| Mortality Rate Table           | RP-2000                       |
| Period of Actuarial Experience | July 1, 2009 -                |
| Study Upon Which Actuarial     | June 30, 2012                 |
| Assumptions were Based         |                               |

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, 2016**

**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, 2015 are summarized in the following table:

| <u>Asset Class</u>           | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Cash                      | 5.00%                    | 0.53%   |
| US Government Bonds          | 1.75%                    | 1.39%   |
| US Credit Bonds              | 13.50%                   | 2.72%   |
| US Mortgages                 | 2.10%                    | 2.54%   |
| US Inflation-Indexed Bonds   | 1.50%                    | 1.47%   |
| US High Yield Bonds          | 2.00%                    | 4.57%   |
| US Equity Market             | 27.25%                   | 5.63%   |
| Foreign-Developed Equity     | 12.00%                   | 6.22%   |
| Emerging Markets Equity      | 6.40%                    | 8.46%   |
| Private Real Estate Property | 4.25%                    | 3.97%   |
| Timber                       | 1.00%                    | 4.09%   |
| Farmland                     | 1.00%                    | 4.61%   |
| Private Equity               | 9.25%                    | 9.15%   |
| Commodities                  | 1.00%                    | 3.58%   |
| Hedge Funds - MultiStrategy  | 4.00%                    | 4.59%   |
| Hedge Funds - Equity Hedge   | 4.00%                    | 5.68%   |
| Hedge Funds - Distressed     | 4.00%                    | 4.30%   |

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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        | 4.13%                |

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

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

\* The municipal bond return rate used is 3.80%. 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 4.13, 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

|  | 1%<br>Decrease<br><u>(3.13%)</u> | Current<br>Discount Rate<br><u>(4.13%)</u> | 1%<br>Increase<br><u>(5.13%)</u> |
|--|----------------------------------|--|----------------------------------|
| State's Proportionate Share of<br>the TPAF Net Pension Liability<br>Attributable to the District | <u>\$ 167,782,945</u>            | <u>\$ 141,176,459</u>                      | <u>\$ 118,253,379</u>            |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**D. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 2015.

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, 2016**

**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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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, 2016**

**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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$2,131,754, \$1,917,058 and \$1,556,949, 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.

**BUDGETARY COMPARISONS**

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|---|
| <b>REVENUES</b>  |                            |                    |                         |                   |   |
| <b>Local Sources</b>   |                            |                    |                         |                   |   |
| Property Taxes   | \$ 28,776,862              | -                  | \$ 28,776,862           | \$ 28,776,862     | -                                       |
| Tuition  | 170,000                    | -                  | 170,000                 | 274,074           | \$ 104,074                              |
| Miscellaneous  | 95,410                     | -                  | 95,410                  | 110,372           | 14,962                                  |
| <b>Total Local Sources</b>                                       | <u>29,042,272</u>          | <u>-</u>           | <u>29,042,272</u>       | <u>29,161,308</u> | <u>119,036</u>                          |
| <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             | -                                       |
| Parcc Readiness Aid  | 29,430                     | -                  | 29,430                  | 29,430            | -                                       |
| Per Pupil Growth Aid   | 29,430                     | -                  | 29,430                  | 29,430            | -                                       |
| Extraordinary Special Education Costs Aid - 2015/16              | -                          | -                  | -                       | 710,194           | 710,194                                 |
| TPAF Pension and Annuity Fund- Post Ret. Medical<br>(Non-Budget) | -                          | -                  | -                       | 2,131,754         | 2,131,754                               |
| TPAF Pension and Annuity Fund (Non-Budget<br>Normal Cost         | -                          | -                  | -                       | 1,705,352         | 1,705,352                               |
| NCGI Premium   | -                          | -                  | -                       | 84,950            | 84,950                                  |
| TPAF Social Security Contributions (Non-Budget)                  | -                          | -                  | -                       | 1,692,596         | 1,692,596                               |
| <b>Total State Sources</b>                                       | <u>21,179,669</u>          | <u>-</u>           | <u>21,179,669</u>       | <u>27,504,515</u> | <u>6,324,846</u>                        |
| <b>Federal Sources</b>   |                            |                    |                         |                   |   |
| Medicaid Reimbursement   | 72,829                     | -                  | 72,829                  | 95,840            | 23,011                                  |
| <b>Total Federal Sources</b>                                     | <u>72,829</u>              | <u>-</u>           | <u>72,829</u>           | <u>95,840</u>     | <u>23,011</u>                           |
| <b>Total Revenues</b>  | <u>50,294,770</u>          | <u>-</u>           | <u>50,294,770</u>       | <u>56,761,663</u> | <u>6,466,893</u>                        |
| <b>EXPENDITURES</b>  |                            |                    |                         |                   |   |
| <b>CURRENT EXPENDITURES</b>                                      |                            |                    |                         |                   |   |
| <b>Instruction - Regular Programs</b>                            |                            |                    |                         |                   |   |
| <b>Salaries of Teachers</b>                                      |                            |                    |                         |                   |   |
| Preschool/Kindergarten   | 650,814                    | \$ (45,718)        | 605,096                 | 604,971           | 125                                     |
| Grades 1-5   | 5,090,195                  | (37,012)           | 5,053,183               | 5,051,636         | 1,547                                   |
| Grades 6-8   | 3,191,038                  | (303,283)          | 2,887,755               | 2,886,568         | 1,187                                   |
| Grades 9-12  | 5,060,533                  | (267,068)          | 4,793,465               | 4,791,223         | 2,242                                   |
| Home Instruction   | 16,000                     | 1,000              | 17,000                  | 16,950            | 50                                      |
| Purchased Professional-Educational Services                      | 10,000                     | 2,100              | 12,100                  | 9,042             | 3,058                                   |
| <b>Regular Programs - Undistributed Instruction</b>              |                            |                    |                         |                   |   |
| Purchased Professional-Educational Services                      | 34,000                     | (29,228)           | 4,772                   | 4,072             | 700                                     |
| Other Purchased Services   | 295,529                    | (173,386)          | 122,143                 | 119,027           | 3,116                                   |
| General Supplies   | 466,591                    | 926,930            | 1,393,521               | 670,354           | 723,167                                 |
| Textbooks  | 76,500                     | (46,234)           | 30,266                  | 29,221            | 1,045                                   |
| Other Objects  | 2,645                      | 580                | 3,225                   | 2,880             | 345                                     |
| <b>Total Regular Programs</b>                                    | <u>14,893,845</u>          | <u>28,681</u>      | <u>14,922,526</u>       | <u>14,185,944</u> | <u>736,582</u>                          |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>                          |                            |                    |                         |                  |   |
| <b>CURRENT EXPENDITURES</b>                  |                            |                    |                         |                  |   |
| <b>Special Education</b>                     |                            |                    |                         |                  |   |
| <b>Cognitive Mild</b>                        |                            |                    |                         |                  |   |
| Salaries of Teachers                         | \$ 54,156                  | \$ (54,156)        | -                       | -                | -                                       |
| Total Cognitive Mild                         | <u>54,156</u>              | <u>(54,156)</u>    | <u>-</u>                | <u>-</u>         | <u>-</u>                                |
| <b>Learning and/or Language Disabilities</b> |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 108,312                    | 24,721             | \$ 133,033              | \$ 132,974       | \$ 59                                   |
| Other Salaries for Instruction               | -                          | 56,293             | 56,293                  | 56,042           | 251                                     |
| General Supplies                             | 800                        | 455                | 1,255                   | 955              | 300                                     |
| Total Learning and/or Language Disabilities  | <u>109,112</u>             | <u>81,469</u>      | <u>190,581</u>          | <u>189,971</u>   | <u>610</u>                              |
| <b>Behavioral Disabilities</b>               |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 65,626                     | 4,027              | 69,653                  | 69,653           | -                                       |
| Other Salaries for Instruction               | -                          | -                  | -                       | -                | -                                       |
| Supplies and Materials                       | 500                        | 322                | 822                     | 526              | 296                                     |
| Miscellaneous Expenditures                   | -                          | 74                 | 74                      | 56               | 18                                      |
| Total Behavioral Disabilities                | <u>66,126</u>              | <u>4,423</u>       | <u>70,549</u>           | <u>70,235</u>    | <u>314</u>                              |
| <b>Multiple Disabilities</b>                 |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 290,894                    | (36,157)           | 254,737                 | 254,001          | 736                                     |
| Other Salaries for Instruction               | 84,832                     | (23,389)           | 61,443                  | 60,655           | 788                                     |
| General Supplies                             | 2,800                      | 285                | 3,085                   | 1,887            | 1,198                                   |
| Total Multiple Disabilities                  | <u>378,526</u>             | <u>(59,261)</u>    | <u>319,265</u>          | <u>316,543</u>   | <u>2,722</u>                            |
| <b>Resource Room/Resource Center</b>         |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 2,155,798                  | 77,272             | 2,233,070               | 2,232,935        | 135                                     |
| Other Salaries for Instruction               | 143,425                    | (36,530)           | 106,895                 | 106,819          | 76                                      |
| General Supplies                             | 5,000                      | (1,267)            | 3,733                   | 2,396            | 1,337                                   |
| Total Resource Room/Resource Center          | <u>2,304,223</u>           | <u>39,475</u>      | <u>2,343,698</u>        | <u>2,342,150</u> | <u>1,548</u>                            |
| <b>Autistic</b>                              |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 314,270                    | (81,105)           | 233,165                 | 233,139          | 26                                      |
| Other Salaries for Instruction               | 126,800                    | (18,300)           | 108,500                 | 108,413          | 87                                      |
| General Supplies                             | 2,000                      | 947                | 2,947                   | 1,767            | 1,180                                   |
| Total Autistic                               | <u>443,070</u>             | <u>(98,458)</u>    | <u>344,612</u>          | <u>343,319</u>   | <u>1,293</u>                            |
| <b>Preschool Disabilities - Full - Time</b>  |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 117,919                    | 1,737              | 119,656                 | 118,773          | 883                                     |
| Other Salaries for Instruction               | 78,591                     | (36,593)           | 41,998                  | 41,914           | 84                                      |
| General Supplies                             | 1,200                      | 1,189              | 2,389                   | 1,793            | 596                                     |
| Total Preschool Disabilities - Full - Time   | <u>197,710</u>             | <u>(33,667)</u>    | <u>164,043</u>          | <u>162,480</u>   | <u>1,563</u>                            |
| <b>Home Instruction</b>                      |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 6,000                      | 16,143             | 22,143                  | 22,143           | -                                       |
| Purchased Professional/Educational Services  | 10,000                     | (1,654)            | 8,346                   | 8,256            | 90                                      |
| Total Home Instruction                       | <u>16,000</u>              | <u>14,489</u>      | <u>30,489</u>           | <u>30,399</u>    | <u>90</u>                               |
| Total Special Education                      | <u>3,568,923</u>           | <u>(105,686)</u>   | <u>3,463,237</u>        | <u>3,455,097</u> | <u>8,140</u>                            |
| <b>Bilingual Education</b>                   |                            |                    |                         |                  |   |
| Salaries of Teachers                         | 494,790                    | 64,620             | 559,410                 | 559,409          | 1                                       |
| General Supplies                             | 4,000                      | 3,896              | 7,896                   | 6,129            | 1,767                                   |
| Total Bilingual Education                    | <u>498,790</u>             | <u>68,516</u>      | <u>567,306</u>          | <u>565,538</u>   | <u>1,768</u>                            |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|---|
| <b>EXPENDITURES</b>                                    |                            |                    |                         |                   |   |
| <b>CURRENT EXPENDITURES</b>                            |                            |                    |                         |                   |   |
| <b>School Sponsored Co-Curricular Activities</b>       |                            |                    |                         |                   |   |
| Salaries   | \$ 125,200                 | \$ 2,919           | \$ 128,119              | \$ 128,118        | \$ 1                                    |
| Other Salaries for Instruction                         | 4,200                      | (1,216)            | 2,984                   | 2,983             | 1                                       |
| Miscellaneous Purchased Services                       | -                          | 900                | 900                     | 900               | -                                       |
| Supplies and Materials                                 | 500                        | 21                 | 521                     | 388               | 133                                     |
| <b>Total School Sponsored Co-Curricular Activities</b> | <u>129,900</u>             | <u>2,624</u>       | <u>132,524</u>          | <u>132,389</u>    | <u>135</u>                              |
| <b>School Sponsored Athletics</b>                      |                            |                    |                         |                   |   |
| Salaries   | 283,700                    | 8,658              | 292,358                 | 292,358           | -                                       |
| Other Salaries   | 20,000                     | 16,239             | 36,239                  | 36,238            | 1                                       |
| Other Purchased Professional & Technical Services      | 38,500                     | 5,146              | 43,646                  | 43,622            | 24                                      |
| Clean, Repair and Maintenance Services                 | 18,000                     | (4,040)            | 13,960                  | 13,134            | 826                                     |
| Rentals, Copiers Etc.                                  | 250                        | 1,057              | 1,307                   | 1,307             | -                                       |
| Travel   | 2,000                      | 739                | 2,739                   | 2,597             | 142                                     |
| Miscellaneous Purchased Services                       | 200                        | -                  | 200                     | -                 | 200                                     |
| Supplies and Materials                                 | 75,000                     | 24,643             | 99,643                  | 75,636            | 24,007                                  |
| Other Objects  | 18,500                     | 5,650              | 24,150                  | 24,150            | -                                       |
| <b>Total School Sponsored Athletics</b>                | <u>456,150</u>             | <u>58,092</u>      | <u>514,242</u>          | <u>489,042</u>    | <u>25,200</u>                           |
| <b>Before/After School Programs</b>                    |                            |                    |                         |                   |   |
| Salaries Teacher Tutors                                | 47,500                     | (3,951)            | 43,549                  | 40,948            | 2,601                                   |
| <b>Total Before/After School Programs</b>              | <u>47,500</u>              | <u>(3,951)</u>     | <u>43,549</u>           | <u>40,948</u>     | <u>2,601</u>                            |
| <b>Summer School</b>                                   |                            |                    |                         |                   |   |
| Salaries of Teachers                                   | 85,000                     | (13,806)           | 71,194                  | 69,348            | 1,846                                   |
| Supplies and Materials                                 | 500                        | -                  | 500                     | -                 | 500                                     |
| <b>Total Summer School</b>                             | <u>85,500</u>              | <u>(13,806)</u>    | <u>71,694</u>           | <u>69,348</u>     | <u>2,346</u>                            |
| <b>Community Service Programs</b>                      |                            |                    |                         |                   |   |
| Salaries   | 500                        | -                  | 500                     | -                 | 500                                     |
| Supplies and Materials                                 | -                          | 72                 | 72                      | 72                | -                                       |
| <b>Total Community Service Programs</b>                | <u>500</u>                 | <u>72</u>          | <u>572</u>              | <u>72</u>         | <u>500</u>                              |
| <b>Total Instruction</b>                               | <u>19,681,108</u>          | <u>34,542</u>      | <u>19,715,650</u>       | <u>18,938,378</u> | <u>777,272</u>                          |
| <b>Undistributed Expenditures</b>                      |                            |                    |                         |                   |   |
| <b>Instruction</b>                                     |                            |                    |                         |                   |   |
| Tuition to Other LEAs Within the State-Regular         | 58,150                     | 11,059             | 69,209                  | 68,810            | 399                                     |
| Tuition to Other LEAs Within the State- Special        | 1,587,600                  | 184,066            | 1,771,666               | 1,770,562         | 1,104                                   |
| Tuition to County Voc. School Dist.-Regular            | 319,500                    | 61,250             | 380,750                 | 380,750           | -                                       |
| Tuition to County Voc. School Dist.- Special           | 80,000                     | (30,000)           | 50,000                  | 50,000            | -                                       |
| Tuition to CSSD & Reg. Day Schools                     | 50,378                     | (990)              | 49,388                  | 49,388            | -                                       |
| Tuition to Priv. Sch. For the Disabled W/I State       | 834,234                    | (168,843)          | 665,391                 | 665,043           | 348                                     |
| Tuition to Priv. Sch. For the Disabled Out of State    | 107,911                    | 2,263              | 110,174                 | 110,129           | 45                                      |
| Tuition- State Facilities                              | 160,250                    | (32,306)           | 127,944                 | 127,944           | -                                       |
| Tuition- Other   | 4,335                      | (4,335)            | -                       | -                 | -                                       |
| <b>Total Undistributed Expenditures - Instruction</b>  | <u>3,202,358</u>           | <u>22,164</u>      | <u>3,224,522</u>        | <u>3,222,626</u>  | <u>1,896</u>                            |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|--------------------|-------------------------|------------------|---|
| <b>EXPENDITURES</b>                            |                            |                    |                         |                  |   |
| <b>CURRENT EXPENDITURES</b>                    |                            |                    |                         |                  |   |
| <b>Attendance and Social Work</b>              |                            |                    |                         |                  |   |
| Salaries                                       | \$ 14,000                  | \$ 8,774           | \$ 22,774               | \$ 22,774        | \$ -                                    |
| Total Attendance and Social Work               | <u>14,000</u>              | <u>8,774</u>       | <u>22,774</u>           | <u>22,774</u>    | <u>-</u>                                |
| <b>Health Services</b>                         |                            |                    |                         |                  |   |
| Salaries                                       | 771,058                    | (18,995)           | 752,063                 | 750,980          | 1,083                                   |
| Purchased Professional & Technical Services    | 24,000                     | -                  | 24,000                  | 24,000           | -                                       |
| Purchased Technical Services                   | 2,300                      | 765                | 3,065                   | 2,557            | 508                                     |
| Supplies and Materials                         | 14,300                     | 924                | 15,224                  | 10,235           | 4,989                                   |
| Total Health Services                          | <u>811,658</u>             | <u>(17,306)</u>    | <u>794,352</u>          | <u>787,772</u>   | <u>6,580</u>                            |
| <b>Speech, OT, PT and Related Services</b>     |                            |                    |                         |                  |   |
| Salaries                                       | 508,734                    | (57,687)           | 451,047                 | 450,029          | 1,018                                   |
| Purchased Professional/Educational Services    | 93,000                     | (78,934)           | 14,066                  | 14,000           | 66                                      |
| Supplies and Materials                         | 800                        | 1,250              | 2,050                   | 1,061            | 989                                     |
| Total Speech, OT, PT and Related Services      | <u>602,534</u>             | <u>(135,371)</u>   | <u>467,163</u>          | <u>465,090</u>   | <u>2,073</u>                            |
| <b>Other Support Serv. Students - Extra.</b>   |                            |                    |                         |                  |   |
| Salaries                                       | 372,500                    | (15,787)           | 356,713                 | 355,807          | 906                                     |
| Purchased Professional/Educational Services    | 370,000                    | 101,933            | 471,933                 | 455,112          | 16,821                                  |
| Supplies and Materials                         | 1,600                      | (1,500)            | 100                     | -                | 100                                     |
| Total Other Supp.Serv. Student - Related Serv. | <u>744,100</u>             | <u>84,646</u>      | <u>828,746</u>          | <u>810,919</u>   | <u>17,827</u>                           |
| <b>Guidance</b>                                |                            |                    |                         |                  |   |
| Salaries of Other Professional Staff           | 681,257                    | 16,122             | 697,379                 | 697,378          | 1                                       |
| Salaries of Secretarial & Clerical Assistants  | 121,889                    | 4,792              | 126,681                 | 126,680          | 1                                       |
| Purchased Professional/Educational Services    | 11,587                     | 2,861              | 14,448                  | 14,448           | -                                       |
| Rentals, Copiers Etc.                          | 3,750                      | (202)              | 3,548                   | 3,548            | -                                       |
| Travel   | -                          | 75                 | 75                      | 75               | -                                       |
| Supplies and Materials                         | 9,000                      | (776)              | 8,224                   | 4,682            | 3,542                                   |
| Other Objects                                  | 375                        | 200                | 575                     | 575              | -                                       |
| Total Guidance                                 | <u>827,858</u>             | <u>23,072</u>      | <u>850,930</u>          | <u>847,386</u>   | <u>3,544</u>                            |
| <b>Child Study Teams</b>                       |                            |                    |                         |                  |   |
| Salaries of Other Professional Staff           | 992,511                    | (168,210)          | 824,301                 | 824,225          | 76                                      |
| Salaries of Secretarial & Clerical Assistants  | 145,605                    | 4,103              | 149,708                 | 149,707          | 1                                       |
| Purchased Professional- Educat. Services       | 10,000                     | 4,487              | 14,487                  | 14,486           | 1                                       |
| Rentals, Copiers, etc.                         | 2,893                      | -                  | 2,893                   | 2,739            | 154                                     |
| Travel   | 4,000                      | (1,500)            | 2,500                   | 909              | 1,591                                   |
| Supplies and Materials                         | 10,000                     | 7,378              | 17,378                  | 16,527           | 851                                     |
| Other Objects                                  | 750                        | -                  | 750                     | 675              | 75                                      |
| Total Child Study Teams                        | <u>1,165,759</u>           | <u>(153,742)</u>   | <u>1,012,017</u>        | <u>1,009,268</u> | <u>2,749</u>                            |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | Original<br>Budget | Adjustments      | Final<br>Budget | Actual         | Variance<br>Final To<br>Actual |
|--|--------------------|------------------|-----------------|----------------|--------------------------------|
| <b>EXPENDITURES</b>                                  |                    |                  |                 |                |                                |
| <b>CURRENT EXPENDITURES</b>                          |                    |                  |                 |                |                                |
| <b>Improvement of Instruction Services</b>           |                    |                  |                 |                |                                |
| Salaries of Supervisors of Instruction               | \$ 744,756         | \$ (124,812)     | \$ 619,944      | \$ 615,611     | \$ 4,333                       |
| Salaries of Secretarial & Clerical Assist.           | 105,320            | 359              | 105,679         | 105,528        | 151                            |
| Other Salaries                                       | 12,311             | (743)            | 11,568          | 7,774          | 3,794                          |
| Unused Vacation Payment                              |                    | 11,255           | 11,255          | 11,254         | 1                              |
| Purchased Professional- Educat. Services             | 9,200              | 2,421            | 11,621          | 9,707          | 1,914                          |
| Travel   | 1,200              | 200              | 1,400           | 765            | 635                            |
| Other Purchased Services                             | 2,700              | -                | 2,700           | 2,700          | -                              |
| Supplies and Materials                               | 500                | (200)            | 300             | 174            | 126                            |
| Miscellaneous Expenditures                           | -                  | 1,200            | 1,200           | 1,200          | -                              |
| <b>Total Improvement of Instruction Services</b>     | <b>875,987</b>     | <b>(110,320)</b> | <b>765,667</b>  | <b>754,713</b> | <b>10,954</b>                  |
| <b>Educational Media/School Library</b>              |                    |                  |                 |                |                                |
| Salaries   | 331,545            | 2,394            | 333,939         | 333,324        | 615                            |
| Salaries of Secretarial & Clerical Assist.           | 38,338             | 172              | 38,510          | 38,510         | -                              |
| Salaries of Technology Coordinators                  | 226,607            | 38,882           | 265,489         | 265,116        | 373                            |
| Rentals, Copiers Etc.                                | 857                | 32               | 889             | 889            | -                              |
| Supplies and Materials                               | 11,500             | 1,742            | 13,242          | 10,367         | 2,875                          |
| Other Objects  | 500                | -                | 500             | -              | 500                            |
| <b>Total Educational Media/School Library</b>        | <b>609,347</b>     | <b>43,222</b>    | <b>652,569</b>  | <b>648,206</b> | <b>4,363</b>                   |
| <b>Instructional Staff Training Services</b>         |                    |                  |                 |                |                                |
| Other Salaries                                       | 5,400              | 3,968            | 9,368           | 6,536          | 2,832                          |
| Purchased Professional/Educational Services          | 31,000             | (6,810)          | 24,190          | 17,225         | 6,965                          |
| Travel   | 1,700              | 14,032           | 15,732          | 9,540          | 6,192                          |
| Other Purchased Services                             | 5,300              | 2,919            | 8,219           | 8,097          | 122                            |
| Supplies and Materials                               | 1,400              | 5,418            | 6,818           | 2,535          | 4,283                          |
| <b>Total Instructional Staff Training Services</b>   | <b>44,800</b>      | <b>19,527</b>    | <b>64,327</b>   | <b>43,933</b>  | <b>20,394</b>                  |
| <b>Support Services General Administration</b>       |                    |                  |                 |                |                                |
| Salaries   | 182,500            | (24,447)         | 158,053         | 158,051        | 2                              |
| Other Salaries                                       | 213,906            | 1,471            | 215,377         | 215,376        | 1                              |
| Unused Vacation Payment                              |                    | 9,771            | 9,771           | 9,771          | -                              |
| Legal Services                                       | 85,000             | 19,785           | 104,785         | 102,818        | 1,967                          |
| Audit Fees   | 32,000             | 36,970           | 68,970          | 41,470         | 27,500                         |
| Architectural/Engineering Services                   | 35,000             | (9,408)          | 25,592          | 19,592         | 6,000                          |
| Other Purchased Professional Services                | 5,370              | 9,802            | 15,172          | 14,982         | 190                            |
| Rentals, Copiers Etc.                                | 7,010              | 198              | 7,208           | 7,207          | 1                              |
| Communications/Telephone                             | 71,336             | (4,340)          | 66,996          | 66,304         | 692                            |
| Postage  | 12,750             | 13,665           | 26,415          | 26,388         | 27                             |
| Travel   | 1,200              | 147              | 1,347           | 1,347          | -                              |
| BOE Travel   | 3,700              | (1,000)          | 2,700           | 2,672          | 28                             |
| BOE Other Purchased Services                         | 182,375            | 19,371           | 201,746         | 201,745        | 1                              |
| Supplies and Materials                               | 11,700             | 1,927            | 13,627          | 11,096         | 2,531                          |
| BOE In-House Training/Meeting Supplies               | 1,200              | 114              | 1,314           | 1,314          | -                              |
| Judgments Against School District                    |                    | 30,000           | 30,000          | 30,000         | -                              |
| Miscellaneous Expenditures                           | 34,000             | 7,442            | 41,442          | 41,320         | 122                            |
| <b>Total Support Services General Administration</b> | <b>879,047</b>     | <b>111,468</b>   | <b>990,515</b>  | <b>951,453</b> | <b>39,062</b>                  |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | Original<br>Budget | Adjustments      | Final<br>Budget  | Actual           | Variance<br>Final To<br>Actual |
|---|--------------------|------------------|------------------|------------------|--------------------------------|
| <b>EXPENDITURES</b>                                     |                    |                  |                  |                  |                                |
| <b>CURRENT EXPENDITURES</b>                             |                    |                  |                  |                  |                                |
| <b>Support Services School Administration</b>           |                    |                  |                  |                  |                                |
| Salaries of Principals/Asst. Principals                 | \$ 1,361,103       | \$ (14,189)      | \$ 1,346,914     | \$ 1,346,608     | \$ 306                         |
| Salaries of Other Professional Staff                    | 392,013            | 28,191           | 420,204          | 418,889          | 1,315                          |
| Salaries of Secretarial and Clerical Assistants         | 579,226            | (33,803)         | 545,423          | 543,035          | 2,388                          |
| Unused Vacation Payment                                 |                    | 13,379           | 13,379           | 13,378           | 1                              |
| Purchased Professional & Technical Services             | 17,000             | 2,239            | 19,239           | 19,238           | 1                              |
| Rentals, Copiers Etc.                                   | 75,118             | 1,419            | 76,537           | 74,146           | 2,391                          |
| Other Purchased Services                                | 8,000              | 22,039           | 30,039           | 30,039           | -                              |
| Travel  | 2,850              | (933)            | 1,917            | 856              | 1,061                          |
| Miscellaneous Expenditures                              | 1,000              | 2,898            | 3,898            | 2,898            | 1,000                          |
| Supplies and Materials                                  | 65,359             | 9,609            | 74,968           | 67,398           | 7,570                          |
| Other Objects   | 6,100              | 2,627            | 8,727            | 8,106            | 621                            |
| <b>Total Support Services School Administration</b>     | <b>2,507,769</b>   | <b>33,476</b>    | <b>2,541,245</b> | <b>2,524,591</b> | <b>16,654</b>                  |
| <b>Central Services</b>                                 |                    |                  |                  |                  |                                |
| Salaries  | 174,954            | 1,031            | 175,985          | 175,984          | 1                              |
| Salaries of Secretarial and Clerical Assistants         | 291,841            | 12,049           | 303,890          | 303,889          | 1                              |
| Other Salaries  | 177,800            | 716              | 178,516          | 178,515          | 1                              |
| Purchased Technical Services                            | 33,000             | 24,563           | 57,563           | 54,406           | 3,157                          |
| Rentals, Copiers Etc.                                   | 3,301              | 10               | 3,311            | 3,310            | 1                              |
| Travel  | 500                | 611              | 1,111            | 1,099            | 12                             |
| Miscellaneous Purchased Services                        | 12,500             | 2,180            | 14,680           | 14,666           | 14                             |
| Supplies and Materials                                  | 11,000             | 3,602            | 14,602           | 12,253           | 2,349                          |
| Interest for Lease Purchase Agreements                  |                    | 45,376           | 45,376           | 45,156           | 220                            |
| Miscellaneous Expenditures                              | 5,100              | 516              | 5,616            | 5,559            | 57                             |
| <b>Total Central Services</b>                           | <b>709,996</b>     | <b>90,654</b>    | <b>800,650</b>   | <b>794,837</b>   | <b>5,813</b>                   |
| <b>Admin. Info. Tech.</b>                               |                    |                  |                  |                  |                                |
| Salaries  | 30,796             | 7,586            | 38,382           | 38,382           | -                              |
| Purchased Technical Services                            | 11,520             | (5,760)          | 5,760            | 4,308            | 1,452                          |
| Rentals, Copiers Etc.                                   | 1,520              | -                | 1,520            | 1,520            | -                              |
| Travel  | 3,350              | (1,462)          | 1,888            | 843              | 1,045                          |
| Supplies and Materials                                  | 7,140              | (4,000)          | 3,140            | 2,757            | 383                            |
| <b>Total Admin. Info. Tech.</b>                         | <b>54,326</b>      | <b>(3,636)</b>   | <b>50,690</b>    | <b>46,290</b>    | <b>4,400</b>                   |
| <b>Required Maintenance for School Facilities</b>       |                    |                  |                  |                  |                                |
| Salaries  | 473,809            | (22,261)         | 451,548          | 451,546          | 2                              |
| Cleaning, Repair and Maintenance Services               | 747,309            | 535,367          | 1,282,676        | 1,013,606        | 269,070                        |
| Rentals, Copiers Etc.                                   | 1,500              | 2,820            | 4,320            | 4,319            | 1                              |
| Miscellaneous Purchased Services                        | -                  | 5,529            | 5,529            | 3,891            | 1,638                          |
| General Supplies  | 122,665            | 78,112           | 200,777          | 178,669          | 22,108                         |
| Other Objects   | 4,000              | (1,517)          | 2,483            | 2,013            | 470                            |
| <b>Total Required Maintenance for School Facilities</b> | <b>1,349,283</b>   | <b>598,050</b>   | <b>1,947,333</b> | <b>1,654,044</b> | <b>293,289</b>                 |
| <b>Custodial Services</b>                               |                    |                  |                  |                  |                                |
| Salaries  | 1,773,685          | 18,617           | 1,792,302        | 1,791,966        | 336                            |
| Unused Vacation Payment                                 |                    | 10,443           | 10,443           | 10,442           | 1                              |
| Purchased Professional & Technical Services             | 23,500             | (19,200)         | 4,300            | 4,245            | 55                             |
| Cleaning, Repair and Maintenance Services               | 52,000             | (28,032)         | 23,968           | 20,207           | 3,761                          |
| Other Purchased Property Services                       | 65,825             | 5,174            | 70,999           | 69,684           | 1,315                          |
| Insurance   | 290,693            | (47,831)         | 242,862          | 242,862          | -                              |
| Travel  | -                  | 228              | 228              | 228              | -                              |
| Miscellaneous Purchased Services                        | 2,000              | (2,000)          | -                | -                | -                              |
| General Supplies  | 45,452             | (6,221)          | 39,231           | 39,203           | 28                             |
| Energy (Heat and Electricity)                           | 356,945            | (10,680)         | 346,265          | 341,645          | 4,620                          |
| Other Objects   | 7,800              | 6,654            | 14,454           | 14,424           | 30                             |
| Gasoline  | 16,000             | (6,000)          | 10,000           | 8,452            | 1,548                          |
| Energy (Natural Gas)                                    | 321,000            | (164,617)        | 156,383          | 152,578          | 3,805                          |
| <b>Total Custodial Services</b>                         | <b>2,954,900</b>   | <b>(243,465)</b> | <b>2,711,435</b> | <b>2,695,936</b> | <b>15,499</b>                  |



**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|  | Original<br>Budget | Adjustments      | Final<br>Budget  | Actual           | Variance<br>Final To<br>Actual |
|--|--------------------|------------------|------------------|------------------|--------------------------------|
| <b>EXPENDITURES</b>  |                    |                  |                  |                  |                                |
| <b>CURRENT EXPENDITURES</b>  |                    |                  |                  |                  |                                |
| <b>Care &amp; Upkeep of Grounds</b>                                |                    |                  |                  |                  |                                |
| Salaries   | \$ 20,000          | \$ (14,000)      | \$ 6,000         | \$ 5,399         | \$ 601                         |
| Cleaning, Repair, and Maintenance Services                         | 45,000             | (3,996)          | 41,004           | 41,004           | -                              |
| General Supplies   | -                  | 650              | 650              | 650              | -                              |
| <b>Total Care &amp; Upkeep of Grounds</b>                          | <b>65,000</b>      | <b>(17,346)</b>  | <b>47,654</b>    | <b>47,053</b>    | <b>601</b>                     |
| <b>Security</b>  |                    |                  |                  |                  |                                |
| Salaries   | 716,314            | 1,525            | 717,839          | 711,644          | 6,195                          |
| Cleaning, Repair, and Maintenance Services                         |                    | 1,500            | 1,500            |                  | 1,500                          |
| Miscellaneous Purchased Services                                   | 1,000              | (97)             | 903              | -                | 903                            |
| General Supplies   | 3,500              | 1,043            | 4,543            | 4,542            | 1                              |
| <b>Total Security</b>  | <b>720,814</b>     | <b>3,971</b>     | <b>724,785</b>   | <b>716,186</b>   | <b>8,599</b>                   |
| <b>Student Transportation Services</b>                             |                    |                  |                  |                  |                                |
| Salaries of Non-Instructional Aides                                | 42,000             | 9,000            | 51,000           | 49,810           | 1,190                          |
| Salaries for Pupil Transport ( Between Home and School)- Reg.      | 39,206             | (14,727)         | 24,479           | 24,478           | 1                              |
| Salaries for Pupil Transport ( Between Home and School)- Spec. Ed. | 156,825            | (25,714)         | 131,111          | 131,036          | 75                             |
| Salaries for Pupil Transport (Other than Between Home & School)    | 44,153             | (7,149)          | 37,004           | 36,926           | 78                             |
| Management Fee - ESC & CTSA Trans. Prog.                           | 27,750             | 3,606            | 31,356           | 31,355           | 1                              |
| Other Purchased Prof. and Technical Services                       | 400                | 450              | 850              | 849              | 1                              |
| Cleaning Repair and Maint. Serv.                                   | 25,000             | 19,317           | 44,317           | 44,317           | -                              |
| Rental Payments - School Buses                                     | 500                | (500)            | -                | -                | -                              |
| Contracted Services (Between Home and School) - Vendors            | 323,325            | 16,643           | 339,968          | 339,967          | 1                              |
| Contracted Services (Other Than Between Home and School) - Vendors | 75,000             | 26,286           | 101,286          | 101,286          | -                              |
| Contracted Services (Special Ed. Students) - Vendors               |                    | 3,400            | 3,400            | 3,400            | -                              |
| Contracted Services (Special Ed. Students) - ESC's and CTSA's      | 680,000            | 118,215          | 798,215          | 798,118          | 97                             |
| Aid in Lieu Choice/Charter   | 30,940             | 3,536            | 34,476           | 34,476           | -                              |
| Travel   | 150                | (122)            | 28               | 27               | 1                              |
| Miscellaneous Purchased Services - Transportation                  | 500                | (350)            | 150              | 150              | -                              |
| Transportation Supplies  | 29,745             | (22,315)         | 7,430            | 7,415            | 15                             |
| Other Objects  | 400                | (64)             | 336              | 336              | -                              |
| <b>Total Student Transportation Services</b>                       | <b>1,475,894</b>   | <b>129,512</b>   | <b>1,605,406</b> | <b>1,603,946</b> | <b>1,460</b>                   |
| <b>Unallocated Benefits- Employee Benefits</b>                     |                    |                  |                  |                  |                                |
| Social Security Contributions                                      | 567,300            | -                | 567,300          | 565,827          | 1,473                          |
| Other Retirement Contributions - Regular                           | 759,117            | (88,846)         | 670,271          | 668,826          | 1,445                          |
| Unemployment Compensation  | 35,000             | -                | 35,000           | 35,000           | -                              |
| Workers' Compensation  | 338,179            | (29,000)         | 309,179          | 308,190          | 989                            |
| Health Benefits  | 6,678,073          | (360,211)        | 6,317,862        | 6,317,373        | 489                            |
| Tuition Reimbursement  | 104,000            | (46,404)         | 57,596           | 56,481           | 1,115                          |
| Other Employee Benefits  | 567,750            | (67,929)         | 499,821          | 499,820          | 1                              |
| Unused Sick Payment  | 70,000             | 100,769          | 170,769          | 168,569          | 2,200                          |
| <b>Total Unallocated Benefits</b>                                  | <b>9,119,419</b>   | <b>(491,621)</b> | <b>8,627,798</b> | <b>8,620,086</b> | <b>7,712</b>                   |

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | Original<br>Budget | Adjustments | Final<br>Budget | Actual       | Variance<br>Final To<br>Actual |
|---|--------------------|-------------|-----------------|--------------|--------------------------------|
| <b>EXPENDITURES</b>   |                    |             |                 |              |                                |
| <b>CURRENT EXPENDITURES</b>                                     |                    |             |                 |              |                                |
| Reimbursed TPAF Pension Contributions- (Non-Budgeted)           |                    |             |                 |              |                                |
| Post Retirement Medical   |                    |             |                 | \$ 2,131,754 | \$ (2,131,754)                 |
| Pension - Normal Cost   |                    |             |                 | 1,705,352    | (1,705,352)                    |
| Pension - NCGI Premium  |                    |             |                 | 84,950       | (84,950)                       |
| Reimbursed TPAF Social Security Contributions<br>(Non-Budgeted) | -                  | -           | -               | 1,692,596    | (1,692,596)                    |
| Total Undistributed Expenditures                                | \$ 28,734,849      | \$ (4,271)  | \$ 28,730,578   | 33,881,761   | (5,151,183)                    |
| Total Current Expenditures                                      | 48,415,957         | 30,271      | 48,446,228      | 52,820,139   | (4,373,911)                    |
| <b>CAPITAL OUTLAY</b>   |                    |             |                 |              |                                |
| Equipment   |                    |             |                 |              |                                |
| Grades 1-5  | -                  | 3,360       | 3,360           | 3,360        | -                              |
| Grades 9-12   | 35,888             | 5,242       | 41,130          | 5,241        | 35,889                         |
| Undistributed   |                    |             |                 |              |                                |
| Instruction   | 144,098            | (55,769)    | 88,329          | 82,015       | 6,314                          |
| General Administration  | -                  | 5,337       | 5,337           | 5,337        | -                              |
| Information Technology  | 31,576             | 12,039      | 43,615          | 43,614       | 1                              |
| Upkeep of Grounds   | -                  | 50,761      | 50,761          | 50,761       | -                              |
| Security  | -                  | 30,233      | 30,233          | 30,233       | -                              |
| Facilities Acquisition and Construction Services                |                    |             |                 |              |                                |
| Architectural/Engineering Services                              | 218,622            | (60,844)    | 157,778         | 19,859       | 137,919                        |
| Other Purchased Prof. and Technical Services                    |                    | 3,910       | 3,910           |              | 3,910                          |
| Other Objects - Debt Service Assessment                         | 28,526             | -           | 28,526          | 28,526       | -                              |
| Construction Services   | 811,423            | (36,195)    | 775,228         | 222,582      | 552,646                        |
| Deposit to Capital Reserve                                      | -                  | 1,000,000   | 1,000,000       | -            | 1,000,000                      |
| Total Capital Outlay  | 1,270,133          | 958,074     | 2,228,207       | 491,528      | 1,736,679                      |
| Transfer Funds To Charter School                                | 556,810            | 62,428      | 619,238         | 618,828      | 410                            |
| Total General Fund  | 50,242,900         | 1,050,773   | 51,293,673      | 53,930,495   | (2,636,822)                    |
| Excess (Deficiency) of Revenues                                 |                    |             |                 |              |                                |
| Over/(Under) Expenditures                                       | 51,870             | (1,050,773) | (998,903)       | 2,831,168    | 3,830,071                      |
| Other Financing Sources (Uses)                                  |                    |             |                 |              |                                |
| Operating Transfer Out - Capital Projects Fund                  | (110)              | (1,850,663) | (1,850,773)     | (1,850,663)  | 110                            |
| Operating Transfer In - Capital Projects Fund                   |                    | -           |                 | 287          | 287                            |
| Operating Transfer In - Capital Reserve from Capital Projects   |                    |             |                 | 47,056       | 47,056                         |
| Operating Transfer Out - Special Revenue Fund                   | (552,663)          | 51,789      | (500,874)       | (500,874)    | -                              |
| Total Other Financing Sources (Uses)                            | (552,773)          | (1,798,874) | (2,351,647)     | (2,304,194)  | 47,453                         |

HILLSIDE BOARD OF EDUCATION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u>    | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-----------------------|-------------------------|---------------------|---|
| Excess (Deficiency) of Revenues and<br>Other Financing Sources Over/(Under)<br>Expenditures and Other Financing Sources (Uses) | \$ (500,903)               | \$ (2,849,647)        | \$ (3,350,550)          | \$ 526,974          | \$ 3,877,524                            |
| Fund Balance, Beginning of Year  | <u>5,431,820</u>           | -                     | <u>5,431,820</u>        | <u>5,431,820</u>    | -                                       |
| Fund Balance, End of Year  | <u>\$ 4,930,917</u>        | <u>\$ (2,849,647)</u> | <u>\$ 2,081,270</u>     | <u>\$ 5,958,794</u> | <u>\$ 3,877,524</u>                     |
| Recapitulation   |                            |                       |                         |                     |   |
| <b>Restricted Fund Balance</b>   |                            |                       |                         |                     |   |
| Capital Reserve  |                            |                       |                         | \$ 818,530          |   |
| Capital Reserve - Designated for Subsequent<br>Year's Expenditures   |                            |                       |                         | 750,000             |   |
| Excess Surplus   |                            |                       |                         | 416,663             |   |
| <b>Assigned Fund Balance</b>   |                            |                       |                         |                     |   |
| Encumbrances   |                            |                       |                         | 1,616,768           |   |
| Designated for Subsequent Year's Expenditures  |                            |                       |                         | 623,513             |   |
| SEMI-FY14 Cost Settlement  |                            |                       |                         | 9,779               |   |
| <b>Unassigned Fund Balance</b>   |                            |                       |                         |                     |   |
| Undesignated   |                            |                       |                         | <u>1,723,541</u>    |   |
|  |                            |                       |                         | <u>5,958,794</u>    |   |
| Reconciliation to Governmental Fund Statements (GAAP)  |                            |                       |                         |                     |   |
| Less:  |                            |                       |                         |                     |   |
| Last State Aid Payments not recognized on GAAP Basis   |                            |                       |                         | (2,095,320)         |   |
| Extraordinary Aid Payment  |                            |                       |                         | <u>(710,194)</u>    |   |
| Fund Balances per Governmental Funds (GAAP)  |                            |                       |                         | <u>\$ 3,153,280</u> |   |

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|--------------------|-------------------------|------------------|-------------------------------------|
| <b>REVENUES</b>   |                            |                    |                         |                  |                                     |
| Intergovernmental   |                            |                    |                         |                  |                                     |
| State   | \$ 1,076,570               | \$ 7,014           | \$ 1,083,584            | \$ 1,065,870     | \$ (17,714)                         |
| Federal   | 1,405,343                  | 553,456            | 1,958,799               | 1,738,836        | (219,963)                           |
| Local Sources   |                            |                    |                         |                  |                                     |
| Miscellaneous   | -                          | 54,684             | 54,684                  | 13,894           | (40,790)                            |
| Total Revenues  | <u>2,481,913</u>           | <u>615,154</u>     | <u>3,097,067</u>        | <u>2,818,600</u> | <u>(278,467)</u>                    |
| <b>EXPENDITURES</b>   |                            |                    |                         |                  |                                     |
| Instruction   |                            |                    |                         |                  |                                     |
| Salaries of Teachers  | 1,172,632                  | 48,289             | 1,220,921               | 1,160,585        | 60,336                              |
| Other Salaries for Instruction                                    | 262,940                    | 1,953              | 264,893                 | 260,238          | 4,655                               |
| Purchased Professional/Educational Services                       | 80,935                     | (71,967)           | 8,968                   | 8,189            | 779                                 |
| Other Purchased Services  | 702,851                    | 176,575            | 879,426                 | 878,677          | 749                                 |
| General Supplies  | 174,027                    | 10,281             | 184,308                 | 143,745          | 40,563                              |
| Textbooks   |                            | 3,146              | 3,146                   |                  | 3,146                               |
| Miscellaneous Expenditures  | -                          | 24,171             | 24,171                  | 12,151           | 12,020                              |
| Total Instruction   | <u>2,393,385</u>           | <u>192,448</u>     | <u>2,585,833</u>        | <u>2,463,585</u> | <u>122,248</u>                      |
| Support Services  |                            |                    |                         |                  |                                     |
| Salaries of Supervisors Instruction                               | 29,243                     | (1,163)            | 28,080                  | 28,080           | -                                   |
| Salaries of Program Directors                                     | 62,883                     | (1,778)            | 61,105                  | 61,105           | -                                   |
| Salaries of Other Professional Staff                              | 16,069                     | 16,638             | 32,707                  | 14,875           | 17,832                              |
| Salaries of Secretarial and Clerical Asst.                        | 14,813                     | (2,630)            | 12,183                  | 9,233            | 2,950                               |
| Other Salaries  | 27,622                     | 11,074             | 38,696                  | 21,191           | 17,505                              |
| Personal Services-Employee Benefits                               | 446,299                    | 169,394            | 615,693                 | 575,504          | 40,189                              |
| Purchased Professional/Educational Services                       | 41,762                     | 86,911             | 128,673                 | 101,010          | 27,663                              |
| Transportation  |                            | 10,982             | 10,982                  | 7,075            | 3,907                               |
| Travel  |                            | 21,385             | 21,385                  | 11,057           | 10,328                              |
| Other Purchased Services  |                            | 5,237              | 5,237                   | 910              | 4,327                               |
| Supplies and Materials  | 2,500                      | 53,359             | 55,859                  | 24,685           | 31,174                              |
| Miscellaneous Expenditures  | -                          | 15,339             | 15,339                  | 1,164            | 14,175                              |
| Total Support Services  | <u>641,191</u>             | <u>384,748</u>     | <u>1,025,939</u>        | <u>855,889</u>   | <u>170,050</u>                      |
| Facilities Acquisition and Construction                           |                            |                    |                         |                  |                                     |
| Instructional Equipment   | -                          | 37,958             | 37,958                  | -                | 37,958                              |
| Total Facilities Acq. & Construction                              | <u>-</u>                   | <u>37,958</u>      | <u>37,958</u>           | <u>-</u>         | <u>37,958</u>                       |
| Total Expenditures  | <u>3,034,576</u>           | <u>615,154</u>     | <u>3,649,730</u>        | <u>3,319,474</u> | <u>330,256</u>                      |
| Deficiency of Revenues Under Expenditures                         | (552,663)                  | -                  | (552,663)               | (500,874)        | 51,789                              |
| Other Financing Sources (Uses)                                    |                            |                    |                         |                  |                                     |
| Budgeted Transfer from General Fund - Preschool Programs          | 552,663                    | -                  | 552,663                 | 500,874          | (51,789)                            |
| 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 |                            |                    |                         | \$ (104,681)     |                                     |
| Fund Balance per Governmental Funds (GAAP)                        |                            |                    |                         | \$ (104,681)     |                                     |

**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, 2016**

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<br/>Fund<br/><u>C-1</u></b> |       | <b>Special<br/>Revenue<br/>Fund<br/><u>C-2</u></b> |
|---|--|-------|--|
| <b>Sources/inflows of resources</b>   |  |       |  |
| Actual amounts (budgetary basis) "revenue"<br>from the budgetary comparison schedule  | (C-1) \$ 56,761,663                    | (C-2) | \$ 2,818,600                                       |
| Difference - Budget to GAAP:  |  |       |  |
| Grant accounting budgetary basis differs from GAAP in that encumbrances<br>are recognized as expenditures, and the related revenue is recognized.   |  |       |  |
| Encumbrances, June 30, 2015   |  |       | 44,937   |
| Encumbrances, June 30, 2016   |  |       | (2,997)  |
| State Aid and Extraordinary Aid payments (2014/2015) recognized for GAAP<br>Statements not recognized for budgetary purposes.   | 2,654,280                              |       | 95,334   |
| State Aid and Extraordinary Aid payments (2015/2016) recognized for budgetary<br>purposes not recognized for GAAP statements  | <u>(2,805,514)</u>                     |       | <u>(104,681)</u>                                   |
| Total revenues as reported on the statement of revenues, expenditures<br>and changes in fund balances - governmental funds.   | (B-2) <u>\$ 56,610,429</u>             |       | <u>\$ 2,851,193</u>                                |
| <b>Uses/outflows of resources</b>   |  |       |  |
| Actual amounts (budgetary basis) "total expenditures" from the<br>budgetary comparison schedule   | (C-1) \$ 53,930,495                    | (C-2) | \$ 3,319,474                                       |
| Differences - budget to GAAP  |  |       |  |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br><i>budgetary</i> purposes, but in the year the supplies are received<br>for financial reporting purposes. |  |       |  |
| Encumbrances, June 30, 2015   |  |       | 44,937   |
| Encumbrances, June 30, 2016   | <u>-</u>                               |       | <u>(2,997)</u>                                     |
| Total expenditures as reported on the statement of revenues,<br>expenditures, and changes in fund balances - governmental funds   | (B-2) <u>\$ 53,930,495</u>             | (B-2) | <u>\$ 3,361,414</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 Three Fiscal Years\***

|   | <u>2016</u>   |   | <u>2015</u>   |   | <u>2014</u>   |
|---|---------------|---|---------------|---|---------------|
| District's Proportion of the Net Position Liability (Asset)   | 0.07747       | % | 0.07602       | % | 0.07537 %     |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$ 17,389,569 |   | \$ 14,233,593 |   | \$ 14,404,969 |
| District's Covered-Employee Payroll   | \$ 5,234,389  |   | \$ 5,057,539  |   | \$ 5,024,804  |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 332.22%       | % | 281.43        | % | 286.68 %      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 47.93         | % | 52.08         | % | 48.72 %       |

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

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



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

**Public Employees Retirement System**

**Last Three Fiscal Years**

|   | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
|---|----------------|----------------|----------------|
| Contractually Required Contribution                                     | \$ 666,000     | \$ 626,723     | \$ 569,494     |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>666,000</u> | <u>626,723</u> | <u>569,494</u> |
| Contribution Deficiency (Excess)  | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| District's Covered-Employee Payroll                                     | \$5,234,389    | \$5,057,539    | \$5,024,804    |
| Contributions as a Percentage of<br>Covered-Employee Payroll            | 12.72%         | 12.39%         | 11.33%         |

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

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

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\***

|   | <u>2016</u>                  | <u>2015</u>                  | <u>2014</u>                  |
|---|------------------------------|------------------------------|------------------------------|
| District's Proportion of the Net Position Liability (Asset)   | 0%                           | 0%                           | 0%                           |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$0                          | \$0                          | \$0                          |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District                       | <u>141,176,459</u>           | <u>119,969,003</u>           | <u>116,653,960</u>           |
| <b>Total</b>  | <b><u>\$ 141,176,459</u></b> | <b><u>\$ 119,969,003</u></b> | <b><u>\$ 116,653,960</u></b> |
| District's Covered-Employee Payroll   | \$ 22,962,182                | \$ 22,313,032                | \$ 22,037,145                |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0%                           | 0%                           | 0%                           |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 28.71%                       | 33.64%                       | 33.76%                       |

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

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

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:** None.

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

**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, 2016**

|   | <u>EXHIBIT<br/>E-1A</u> | <u>EXHIBIT<br/>E-1B</u> | <u>Total</u>     |
|---|-------------------------|-------------------------|------------------|
| <b>REVENUES</b>                             |                         |                         |                  |
| Intergovernmental                           |                         |                         |                  |
| State                                       |                         | \$ 1,065,870            | \$ 1,065,870     |
| Federal                                     | \$ 1,738,836            |                         | 1,738,836        |
| Local Sources                               |                         |                         |                  |
| Miscellaneous                               | -                       | 13,894                  | 13,894           |
| Total Revenues                              | <u>1,738,836</u>        | <u>1,079,764</u>        | <u>2,818,600</u> |
| <b>EXPENDITURES</b>                         |                         |                         |                  |
| Instruction                                 |                         |                         |                  |
| Salaries of Teachers                        | 410,873                 | 749,712                 | 1,160,585        |
| Other Salaries for Instruction              |                         | 260,238                 | 260,238          |
| Purchased Professional/Educational Services | 8,189                   |                         | 8,189            |
| Other Purchased Services                    | 878,677                 |                         | 878,677          |
| General Supplies                            | 118,103                 | 25,642                  | 143,745          |
| Miscellaneous Expenditures                  | 12,151                  | -                       | 12,151           |
| Total Instruction                           | <u>1,427,993</u>        | <u>1,035,592</u>        | <u>2,463,585</u> |
| Support Services                            |                         |                         |                  |
| Salaries of Supervisors Inst.               |                         | 28,080                  | 28,080           |
| Salaries of Program Directors               |                         | 61,105                  | 61,105           |
| Salaries of Other Professional Staff        | 14,875                  |                         | 14,875           |
| Salaries of Secretarial and Clerical Asst.  |                         | 9,233                   | 9,233            |
| Other Salaries                              | 21,191                  | -                       | 21,191           |
| Personal Services-Employee Benefits         | 153,632                 | 421,872                 | 575,504          |
| Purchased Professional/Educational Services | 81,948                  | 19,062                  | 101,010          |
| Transportation                              | 7,075                   |                         | 7,075            |
| Travel                                      | 11,057                  |                         | 11,057           |
| Other Purchased Services                    | -                       | 910                     | 910              |
| Supplies and Materials                      | 19,901                  | 4,784                   | 24,685           |
| Miscellaneous Expenditures                  | 1,164                   | -                       | 1,164            |
| Total Support Services                      | <u>310,843</u>          | <u>545,046</u>          | <u>855,889</u>   |
| Total Expenditures                          | <u>1,738,836</u>        | <u>1,580,638</u>        | <u>3,319,474</u> |
| Deficiency of Revenues Under Expenditures   | -                       | (500,874)               | (500,874)        |
| Other Financing Sources/(Uses)              |                         |                         |                  |
| Budgeted Transfer from General Fund         |                         | 500,874                 | 500,874          |
| 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, 2016**

|   | No Child Left Behind (NCLB) Consolidated |                  |                  |                                     | Individuals With Disabilities<br>Education Act |                     |                  | Subtotal<br>E-1A    |
|---|--|------------------|------------------|-------------------------------------|--|---------------------|------------------|---------------------|
|   | Title I                                  | Title IIA        | Title III        | Title III<br>Emergency<br>Immigrant | Part B-Basic                                   | Part B<br>Preschool | FEMA             |                     |
| <b>REVENUES</b>                             |  |                  |                  |                                     |  |                     |                  |                     |
| Intergovernmental                           |  |                  |                  |                                     |  |                     |                  |                     |
| Federal                                     | \$ 664,798                               | \$ 94,531        | \$ 64,933        | \$ 6,321                            | \$ 866,552                                     | \$ 24,069           | \$ 17,632        | \$ 1,738,836        |
| Total Revenues                              | <u>\$ 664,798</u>                        | <u>\$ 94,531</u> | <u>\$ 64,933</u> | <u>\$ 6,321</u>                     | <u>\$ 866,552</u>                              | <u>\$ 24,069</u>    | <u>\$ 17,632</u> | <u>\$ 1,738,836</u> |
| <b>EXPENDITURES</b>                         |  |                  |                  |                                     |  |                     |                  |                     |
| Instruction                                 |  |                  |                  |                                     |  |                     |                  |                     |
| Salaries of Teachers                        | \$ 396,971                               | \$ 742           | \$ 13,160        |                                     |  |                     |                  | \$ 410,873          |
| Purchased Professional-Educational Services | 8,189                                    |                  |                  |                                     |  |                     |                  | 8,189               |
| Other Purchased Services                    | -  |                  |                  |                                     | \$ 854,608                                     | \$ 24,069           |                  | 878,677             |
| General Supplies                            | 75,632                                   |                  | 42,471           | -                                   | -  | -                   |                  | 118,103             |
| Miscellaneous Expenditures                  | 11,308                                   | -                | 843              | -                                   | -  | -                   | -                | 12,151              |
| Total Instruction                           | <u>492,100</u>                           | <u>742</u>       | <u>56,474</u>    | <u>-</u>                            | <u>854,608</u>                                 | <u>24,069</u>       | <u>-</u>         | <u>1,427,993</u>    |
| Support Services                            |  |                  |                  |                                     |  |                     |                  |                     |
| Salaries of Other Professional Staff        | 1,980                                    | 8,853            | 430              | \$ 3,612                            |  |                     |                  | 14,875              |
| Other Salaries                              | -  | 6,188            | 3,200            |                                     |  |                     | \$ 11,803        | 21,191              |
| Personal Services-Employee Benefits         | 149,962                                  | 1,207            | 1,284            | 276                                 | -  | -                   | 903              | 153,632             |
| Purchased Professional-Educational Services | 4,200                                    | 63,074           |                  |                                     | 11,944   |                     | 2,730            | 81,948              |
| Transportation                              | 5,700                                    |                  | 1,375            |                                     |  |                     |                  | 7,075               |
| Travel                                      | -  | 8,887            | 2,170            |                                     |  |                     |                  | 11,057              |
| Other Purchased Services                    | -  | -                |                  |                                     |  |                     |                  | -                   |
| Supplies and Materials                      | 9,692                                    | 5,580            | -                | 2,433                               | -  | -                   | 2,196            | 19,901              |
| Miscellaneous Expenditures                  | 1,164                                    | -                | -                | -                                   | -  | -                   | -                | 1,164               |
| Total Support Services                      | <u>172,698</u>                           | <u>93,789</u>    | <u>8,459</u>     | <u>6,321</u>                        | <u>11,944</u>                                  | <u>-</u>            | <u>17,632</u>    | <u>310,843</u>      |
| Facilities Acquisition and Construction     |  |                  |                  |                                     |  |                     |                  |                     |
| Instructional Equipment                     | -  | -                | -                | -                                   | -  | -                   | -                | -                   |
| Total Facilities Acq. & Construction        | <u>-</u>                                 | <u>-</u>         | <u>-</u>         | <u>-</u>                            | <u>-</u>                                       | <u>-</u>            | <u>-</u>         | <u>-</u>            |
| Total Expenditures                          | <u>\$ 664,798</u>                        | <u>\$ 94,531</u> | <u>\$ 64,933</u> | <u>\$ 6,321</u>                     | <u>\$ 866,552</u>                              | <u>\$ 24,069</u>    | <u>\$ 17,632</u> | <u>\$ 1,738,836</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, 2016**

Chapter 192

|   | <u>Miscellaneous</u> | <u>Preschool<br/>Education Aid</u> | <u>Nonpublic<br/>Textbooks</u> | <u>Nonpublic<br/>Nursing</u> | <u>Nonpublic<br/>Technology</u> | <u>Comp.<br/>Education</u> | <u>Transportation</u> | <u>Subtotal<br/>E-1B</u> |
|---|----------------------|------------------------------------|--------------------------------|------------------------------|---------------------------------|----------------------------|-----------------------|--------------------------|
| <b>REVENUES</b>                             |                      |                                    |                                |                              |                                 |                            |                       |                          |
| Intergovernmental                           |                      |                                    |                                |                              |                                 |                            |                       |                          |
| State                                       |                      | \$ 1,046,808                       | \$ 4,252                       | \$ 6,678                     | \$ 1,623                        | \$ 5,499                   | \$ 1,010              | \$ 1,065,870             |
| Local                                       | \$ 13,894            | -                                  | -                              | -                            | -                               | -                          | -                     | 13,894                   |
| <b>Total Revenues</b>                       | <b>\$ 13,894</b>     | <b>\$ 1,046,808</b>                | <b>\$ 4,252</b>                | <b>\$ 6,678</b>              | <b>\$ 1,623</b>                 | <b>\$ 5,499</b>            | <b>\$ 1,010</b>       | <b>\$ 1,079,764</b>      |
| <b>EXPENDITURES</b>                         |                      |                                    |                                |                              |                                 |                            |                       |                          |
| Instruction                                 |                      |                                    |                                |                              |                                 |                            |                       |                          |
| Salaries of Teachers                        |                      | \$ 749,712                         |                                |                              |                                 |                            |                       | \$ 749,712               |
| Other Salaries for Instruction              |                      | 260,238                            |                                |                              |                                 |                            |                       | 260,238                  |
| General Supplies                            | \$ 10,276            | 15,366                             | -                              | -                            | -                               | -                          | -                     | 25,642                   |
| <b>Total Instruction</b>                    | <b>10,276</b>        | <b>1,025,316</b>                   | <b>-</b>                       | <b>-</b>                     | <b>-</b>                        | <b>-</b>                   | <b>-</b>              | <b>1,035,592</b>         |
| Support Services                            |                      |                                    |                                |                              |                                 |                            |                       |                          |
| Salaries of Supervisors Inst.               |                      | 28,080                             |                                |                              |                                 |                            |                       | 28,080                   |
| Salaries of Program Directors               |                      | 61,105                             |                                |                              |                                 |                            |                       | 61,105                   |
| Salaries of Secretarial and Clerical Asst.  |                      | 9,233                              |                                |                              |                                 |                            |                       | 9,233                    |
| Other Salaries                              |                      | -                                  |                                |                              |                                 |                            |                       | -                        |
| Personal Services-Employee Benefits         |                      | 421,872                            |                                |                              |                                 |                            |                       | 421,872                  |
| Purchased Professional/Educational Services |                      |                                    | \$ 4,252                       | 6,678                        | \$ 1,623                        | \$ 5,499                   | \$ 1,010              | 19,062                   |
| Other Purchased Services                    | 910                  |                                    |                                |                              |                                 |                            |                       | 910                      |
| Supplies and Materials                      | 2,708                | 2,076                              | -                              | -                            | -                               | -                          | -                     | 4,784                    |
| <b>Total Support Services</b>               | <b>3,618</b>         | <b>522,366</b>                     | <b>4,252</b>                   | <b>6,678</b>                 | <b>1,623</b>                    | <b>5,499</b>               | <b>1,010</b>          | <b>545,046</b>           |
| <b>Total Expenditures</b>                   | <b>\$ 13,894</b>     | <b>\$ 1,547,682</b>                | <b>\$ 4,252</b>                | <b>\$ 6,678</b>              | <b>\$ 1,623</b>                 | <b>\$ 5,499</b>            | <b>\$ 1,010</b>       | <b>\$ 1,580,638</b>      |
| Deficiency of Revenues Under Expenditures   | -                    | (500,874)                          | -                              | -                            | -                               | -                          | -                     | (500,874)                |
| Other Financing Sources/(Uses)              |                      |                                    |                                |                              |                                 |                            |                       |                          |
| Budgeted Transfer from General Fund         |                      | 500,874                            |                                |                              |                                 |                            |                       | 500,874                  |
| Fund Balance, Beginning of Year             | -                    | -                                  | -                              | -                            | -                               | -                          | -                     | -                        |
| <b>Fund Balance, End of Year</b>            | <b>\$ -</b>          | <b>\$ -</b>                        | <b>\$ -</b>                    | <b>\$ -</b>                  | <b>\$ -</b>                     | <b>\$ -</b>                | <b>\$ -</b>           | <b>\$ -</b>              |

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**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Revised<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>  |
|---|---------------------------|---------------------|------------------|
| <b>EXPENDITURES</b>   |                           |                     |                  |
| <b>Instruction:</b>   |                           |                     |                  |
| Salaries of Teachers  | \$ 749,712                | \$ 749,712          | -                |
| Other Salaries for Instruction  | 260,238                   | 260,238             | -                |
| General Supplies  | 15,366                    | 15,366              | -                |
| Total Instruction   | <u>1,025,316</u>          | <u>1,025,316</u>    | <u>-</u>         |
| <b>Support Services:</b>  |                           |                     |                  |
| Salaries of Supervisors Inst.   | 28,080                    | 28,080              | -                |
| Salaries of Program Directors   | 61,105                    | 61,105              | -                |
| Salaries of Secretaries & Clerical Assistants   | 9,233                     | 9,233               | -                |
| Purchased Services - Employee Benefits  | 421,872                   | 421,872             | -                |
| Supplies and Materials  | 2,076                     | 2,076               | -                |
| Total Support Services  | <u>522,366</u>            | <u>522,366</u>      | <u>-</u>         |
| Total Expenditures  | <u>\$ 1,547,682</u>       | <u>\$ 1,547,682</u> | <u>\$ -</u>      |
| Total Revised 2015-2016 Preschool Education Aid Allocation                                  |                           |                     | \$ 1,046,808     |
| Add: Actual Preschool Aid Carryover (June 30, 2015)   |                           |                     | -                |
| Add: Prior Year Order Cancelled   |                           |                     | -                |
| Add: Budgeted Transfer from the General Fund 2015-2016                                      |                           |                     | <u>500,874</u>   |
| Total Preschool Education Aid Funds Available for 2015-2016 Budget                          |                           |                     | 1,547,682        |
| Less: Budgeted Preschool Education Aid  |                           |                     | <u>1,547,682</u> |
| Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016                    |                           |                     | -                |
| Add: June 30, 2016 Unexpended Preschool Education Aid                                       |                           |                     | -                |
| 2015-2016 Carryover - Preschool Education Aid   |                           |                     | <u>\$ -</u>      |
| 2015-2016 Preschool Education Aid Carryover Budgeted<br>for Preschool Programs in 2016-2017 |                           |                     | <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, 2016**

**Revenues and Other Financing Sources**

|                               |                  |
|-------------------------------|------------------|
| Lease Purchase Proceeds       | \$ 6,750,000     |
| Interest on Investments       | 287              |
| Transfer from Capital Reserve | <u>1,850,663</u> |
| Total Revenues                | <u>8,600,950</u> |

**Expenditures and Other Financing Uses**

|   |                |
|---|----------------|
| Expenditures                                  |                |
| Purchased Professional and Technical Services | 498,113        |
| Construction Services                         | 380,060        |
| SDA Grants Cancelled                          | 55,219         |
| Transfer to General Fund Interest Earnings    | 287            |
| Transfer to General Fund/Capital Reserve      | <u>47,056</u>  |
| Total Expenditures                            | <u>980,735</u> |

|   |           |
|---|-----------|
| Excess (deficiency) or Revenues over (under) Expenditures | 7,620,215 |
|---|-----------|

|   |                |
|---|----------------|
| Fund Balance- Beginning of Year - Budgetary Basis | <u>708,928</u> |
|---|----------------|

|   |                     |
|---|---------------------|
| Fund Balance- End of Year - Budgetary Basis | <u>\$ 8,329,143</u> |
|---|---------------------|

**Reconciliation to GAAP:**

|   |                     |
|---|---------------------|
| Project Fund Balance                            | \$ 8,329,143        |
| Less: SDA Grant Revenue not Realized Under GAAP | <u>(279,368)</u>    |
| Fund Balance- End of Year - GAAP Basis          | <u>\$ 8,049,775</u> |

**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, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>    | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|---------------------|------------------|--|
| <b>Revenues and Other Financing Sources</b>               |                      |                     |                  |  |
| State Sources - SDA Grants                                | \$ 755,681           | \$ (55,219)         | \$ 700,462       | \$ 700,462                             |
| Transfer from Capital Reserve                             | 625,910              | (47,056)            | 578,854          | 578,854                                |
|   | <u>1,381,591</u>     | <u>(102,275)</u>    | <u>1,279,316</u> | <u>1,279,316</u>                       |
| <b>Expenditures and Other Financing Uses</b>              |                      |                     |                  |  |
| Purchased Professional and Technical Services             | 110,650              | 2,063               | 112,713          | 112,713                                |
| Construction Services                                     | 1,099,009            | 67,594              | 1,166,603        | 1,166,603                              |
|   | <u>1,209,659</u>     | <u>69,657</u>       | <u>1,279,316</u> | <u>1,279,316</u>                       |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 171,932</u>    | <u>\$ (171,932)</u> | <u>\$ -</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                                | (102,275)            |                     |                  |  |
| Revised Authorized Cost                                   | \$ 1,279,316         |                     |                  |  |
| Percentage Increase over Original Authorized Cost         | N/A                  |                     |                  |  |
| Percentage completion                                     | 100%                 |                     |                  |  |
| Original target completion date                           | 6/30/2015            |                     |                  |  |
| Revised target completion date                            | 6/30/2016            |                     |                  |  |

**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, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>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>                                     | <b>548,089</b>       | <b>-</b>            | <b>548,089</b>    | <b>548,089</b>                         |
| <b>Expenditures and Other Financing Uses</b>              |                      |                     |                   |  |
| Purchased Professional and Technical Services             | 44,500               | \$ 631              | 45,131            | 108,417                                |
| Construction Services                                     | 349,316              | 31,388              | 380,704           | 439,672                                |
| <b>Total Expenditures</b>                                 | <b>393,816</b>       | <b>32,019</b>       | <b>425,835</b>    | <b>548,089</b>                         |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 154,273</u>    | <u>\$ (32,019)</u>  | <u>\$ 122,254</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                           | \$ 548,089       |
| Percentage Increase over Original Authorized Cost | N/A              |
| Percentage completion                             | 100%             |
| Original target completion date                   | 6/30/2015        |
| Revised target completion date                    | 6/30/2017        |

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - WALTER O. KRUMBIEGEL MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>  | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|---------------------|----------------|--|
| <b>Revenues and Other Financing Sources</b>               |                      |                     |                |  |
| State Sources - SDA Grants                                | \$ 88,517            |                     | \$ 88,517      | \$ 88,517                              |
| Transfer from Capital Reserve                             | 102,821              | \$ 663              | 103,484        | 103,484                                |
|   | <u>191,338</u>       | <u>663</u>          | <u>192,001</u> | <u>192,001</u>                         |
| <b>Expenditures and Other Financing Uses</b>              |                      |                     |                |  |
| Purchased Professional and Technical Services             | 15,100               | 631                 | 15,731         | 15,731                                 |
| Construction Services                                     | 154,038              | 22,232              | 176,270        | 176,270                                |
|   | <u>169,138</u>       | <u>22,863</u>       | <u>192,001</u> | <u>192,001</u>                         |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 22,200</u>     | <u>\$ (22,200)</u>  | <u>\$ -</u>    | <u>\$ -</u>                            |
| <b>Additional project information:</b>                    |                      |                     |                |  |
| Project Number  | 2190-085-14-1008     |                     |                |  |
| Grant Date  | 5/21/2014            |                     |                |  |
| Bond Authorization Date                                   | N/A                  |                     |                |  |
| Bonds Authorized  | N/A                  |                     |                |  |
| Bonds Issued  | N/A                  |                     |                |  |
| Original Authorized Cost                                  | \$ 191,338           |                     |                |  |
| Additional Authorized Cost                                | 663                  |                     |                |  |
| Revised Authorized Cost                                   | \$ 192,001           |                     |                |  |
| Percentage Increase over Original Authorized Cost         |                      |                     |                |  |
|   | N/A                  |                     |                |  |
| Percentage completion                                     |                      |                     |                |  |
|   | 100%                 |                     |                |  |
| Original target completion date                           |                      |                     |                |  |
|   | 6/30/2015            |                     |                |  |
| Revised target completion date                            |                      |                     |                |  |
|   | 6/30/2016            |                     |                |  |

**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, 2016**

|   | <u>Prior Periods</u>    | <u>Current Year</u>      | <u>Totals</u>           | <u>Revised<br/>Authorized<br/>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             | 43,562                  | \$ 631                   | 44,193                  | 97,519                                 |
| Construction Services                                     | 359,881                 | 23,063                   | 382,944                 | 476,174                                |
|   | <hr/>                   | <hr/>                    | <hr/>                   | <hr/>                                  |
| Total Expenditures  | 403,443                 | 23,694                   | 427,137                 | 573,693                                |
| Excess (deficiency) or Revenues over (under) Expenditures | <hr/> <u>\$ 170,250</u> | <hr/> <u>\$ (23,694)</u> | <hr/> <u>\$ 146,556</u> | <hr/> <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                                   | \$ 573,693              |                          |                         |  |
| Percentage Increase over Original Authorized Cost         | N/A                     |                          |                         |  |
| Percentage completion                                     | 100%                    |                          |                         |  |
| Original target completion date                           | 6/30/2015               |                          |                         |  |
| Revised target completion date                            | 6/30/2017               |                          |                         |  |



**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - AP MORRIS EARLY CHILDHOOD CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>    | <u>Revised<br/>Authorized<br/>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             | 19,500               | \$ 630              | 20,130           | 43,430                                 |
| Construction Services                                     | 153,715              | 20,647              | 174,362          | 179,550                                |
|   | <u>173,215</u>       | <u>21,277</u>       | <u>194,492</u>   | <u>222,980</u>                         |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 49,765</u>     | <u>\$ (21,277)</u>  | <u>\$ 28,488</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                                   | \$ 222,980           |                     |                  |  |
| Percentage Increase over Original Authorized Cost         |                      |                     |                  |  |
|   | N/A                  |                     |                  |  |
| Percentage completion                                     |                      |                     |                  |  |
|   | 100%                 |                     |                  |  |
| Original target completion date                           |                      |                     |                  |  |
|   | 6/30/2015            |                     |                  |  |
| Revised target completion date                            |                      |                     |                  |  |
|   | 6/30/2017            |                     |                  |  |

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>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                                |
| Total Revenues  | <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             | 26,800               | \$ 631              | 27,431            | 62,704                                 |
| Construction Services                                     | 157,581              | 14,666              | 172,247           | 262,185                                |
| Total Expenditures  | <u>184,381</u>       | <u>15,297</u>       | <u>199,678</u>    | <u>324,889</u>                         |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 140,508</u>    | <u>\$ (15,297)</u>  | <u>\$ 125,211</u> | <u>\$ -</u>                            |
| <b>Additional project information:</b>                    |                      |                     |                   |  |
| Project Number  | 2190-110-14-1010     |                     |                   |  |
| Grant Date  | 5/21/2014            |                     |                   |  |
| Bond Authorization Date                                   | N/A                  |                     |                   |  |
| Bonds Authorized  | N/A                  |                     |                   |  |
| Bonds Issued  | N/A                  |                     |                   |  |
| Original Authorized Cost                                  | \$ 324,889           |                     |                   |  |
| Additional Authorized Cost                                | N/A                  |                     |                   |  |
| Revised Authorized Cost                                   | \$ 324,889           |                     |                   |  |
| Percentage Increase over Original Authorized Cost         |                      |                     |                   |  |
| Authorized Cost   | N/A                  |                     |                   |  |
| Percentage completion                                     | 100%                 |                     |                   |  |
| Original target completion date                           | 6/30/2015            |                     |                   |  |
| Revised target completion date                            | 6/30/2017            |                     |                   |  |

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
RENOVATION AND ADDITION - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|   | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | - Revised<br>Authorized<br>Cost |
|---|----------------------|---------------------|---------------|---------------------------------|
| <b>Revenues and Other Financing Sources</b>               |                      |                     |               |                                 |
| Lease Purchase Proceeds                                   | -                    | \$ 6,750,000        | \$ 6,750,000  | \$ 6,750,000                    |
| Interest on Investments                                   | -                    | 287                 | 287           |                                 |
| Transfer from Capital Reserve                             | -                    | 1,850,000           | 1,850,000     | 1,850,000                       |
| Total Revenues  | -                    | 8,600,287           | 8,600,287     | 8,600,000                       |
| <b>Expenditures and Other Financing Uses</b>              |                      |                     |               |                                 |
| Purchased Professional and Technical Services             | -                    | 492,896             | 492,896       | 638,415                         |
| Construction Services                                     | -                    | 200,470             | 200,470       | 7,961,585                       |
| Transfer to General Fund                                  | -                    | 287                 | 287           |                                 |
| Total Expenditures  | -                    | 693,653             | 693,653       | 8,600,000                       |
| Excess (deficiency) or Revenues over (under) Expenditures | \$ -                 | \$ 7,906,634        | \$ 7,906,634  | \$ -                            |

**Additional project information:**

|   |              |
|---|--------------|
| Project Number                                    | N/A          |
| Grant Date  | N/A          |
| Bond Authorization Date                           | N/A          |
| Bonds Authorized                                  | N/A          |
| Bonds Issued                                      | N/A          |
| Original Authorized Cost                          | \$ 8,600,000 |
| Additional Authorized Cost                        | N/A          |
| Revised Authorized Cost                           | \$ 8,600,000 |
| Percentage Increase over Original Authorized Cost | N/A          |
| Percentage completion                             | 8%           |
| Original target completion date                   | 6/30/2017    |
| Revised target completion date                    | N/A          |

**PROPRIETARY FUNDS**

**HILLSIDE BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

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, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

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, 2016**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

|                                     | <u>Student<br/>Activity</u> | <u>Payroll</u>        | <u>Total<br/>Agency Funds</u> |
|-------------------------------------|-----------------------------|-----------------------|-------------------------------|
| <b>ASSETS</b>                       |                             |                       |                               |
| Cash                                | \$ 98,277                   | \$ 345,320            | \$ 443,597                    |
| Accounts Receivable                 | <u>-</u>                    | <u>872</u>            | <u>872</u>                    |
| <br>Total Assets                    | <br><u>\$ 98,277</u>        | <br><u>\$ 346,192</u> | <br><u>\$ 444,469</u>         |
| <br><b>LIABILITIES</b>              |                             |                       |                               |
| Payroll Deductions and Withholdings |                             | \$ 346,192            | \$ 346,192                    |
| Due to Student Groups               | <u>\$ 98,277</u>            | <u>-</u>              | <u>98,277</u>                 |
| <br>Total Liabilities               | <br><u>\$ 98,277</u>        | <br><u>\$ 346,192</u> | <br><u>\$ 444,469</u>         |

EXHIBIT H-2

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

| <u>School</u>              | <u>Balance<br/>July 1, 2015</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30, 2016</u> |
|----------------------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| <b>ELEMENTARY SCHOOLS</b>  |                                 |                          |                               |                                   |
| Calvin Coolidge            | \$ 1,549                        | \$ 15,959                | \$ 15,375                     | \$ 2,133                          |
| A.P. Morris                | 14,762                          | 27,216                   | 31,590                        | 10,388                            |
| Hurden Looker              | 3,123                           | 18,663                   | 18,224                        | 3,562                             |
| George Washington          | 2,148                           | 5,334                    | 4,654                         | 2,828                             |
| <b>JUNIOR HIGH SCHOOLS</b> |                                 |                          |                               |                                   |
| Walter O. Krumbiegel       | 7,733                           | 49,531                   | 49,832                        | 7,432                             |
| <b>SENIOR HIGH SCHOOL</b>  |                                 |                          |                               |                                   |
| Hillside High School       | <u>50,764</u>                   | <u>137,723</u>           | <u>116,553</u>                | <u>71,934</u>                     |
| <b>Total</b>               | <u>\$ 80,079</u>                | <u>\$ 254,426</u>        | <u>\$ 236,228</u>             | <u>\$ 98,277</u>                  |

## EXHIBIT H-4

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

|                                     | <u>Balance,<br/>July 1,<br/>2015</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30,<br/>2016</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Payroll Deductions and Withholdings | \$ 276,962                           | \$ 16,768,994            | \$ 16,699,764                 | \$ 346,192                            |
| Accounts Receivable                 |                                      | -                        | 872                           | (872)                                 |
| Accrued Salaries and Wages          | <u>-</u>                             | <u>18,055,448</u>        | <u>18,055,448</u>             | <u>-</u>                              |
| <b>Total</b>                        | <u>\$ 276,962</u>                    | <u>\$ 34,824,442</u>     | <u>\$ 34,756,084</u>          | <u>\$ 345,320</u>                     |

**LONG-TERM DEBT**

**HILLSIDE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

| <u>Description</u>   | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> |               | <u>Interest Rate</u> | <u>Balance, July 1, 2015</u> | <u>Issued</u>      | <u>Retired</u> | <u>Balance, June 30, 2016</u> |
|--|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|--------------------|----------------|-------------------------------|
|  |                      |                        | <u>Date</u>              | <u>Amount</u> |                      |                              |                    |                |                               |
| Construction of an Addition and Improvements to the George Washington School | 11/6/2015            | \$ 6,750,000           | 11/1/2016                | \$ 655,000    | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 5/1/2017                 | 650,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 11/1/2017                | 660,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 5/1/2018                 | 665,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 11/1/2018                | 675,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 5/1/2019                 | 675,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 11/1/2019                | 685,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 5/1/2020                 | 685,000       | 1.8669%              |                              |                    |                |                               |
|  |                      |                        | 11/1/2020                | 1,400,000     | 1.8669%              |                              |                    |                |                               |
|  |                      |                        |                          |               |                      |                              |                    |                | \$ -                          |
|  |                      |                        |                          |               |                      | <u>\$ -</u>                  | <u>\$6,750,000</u> | <u>\$ -</u>    | <u>\$ 6,750,000</u>           |

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

|  | Fiscal Year Ended June 30, |                      |                      |                      |                      |                      |                      |                     |                     |                     |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
|  | 2007                       | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                | 2015                | 2016                |
| Governmental Activities                            |                            |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Net Investment In Capital Assets                   | \$ 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       | \$ 16,566,172       |
| Restricted   | 41,982                     | 48,462               | 48,522               | 48,532               | 48,639               | 701,721              | 701,829              | 1,862,718           | 2,712,518           | 9,618,305           |
| Unrestricted                                       | 1,396,840                  | 140,642              | (919,098)            | (46,185)             | (946,949)            | (766,218)            | (668,476)            | (15,881,687)        | (15,341,938)        | (20,975,257)        |
| <b>Total Governmental Activities Net Position</b>  | <b>\$ 13,057,726</b>       | <b>\$ 12,980,918</b> | <b>\$ 12,335,079</b> | <b>\$ 14,066,551</b> | <b>\$ 12,986,627</b> | <b>\$ 13,243,151</b> | <b>\$ 14,943,212</b> | <b>\$ 853,088</b>   | <b>\$ 3,981,392</b> | <b>\$ 5,209,220</b> |
| Business-Type Activities                           |                            |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Net Investment In Capital Assets                   | \$ 57,330                  | \$ 50,352            | \$ 45,508            | \$ 65,733            | \$ 52,937            | \$ 44,089            | \$ 43,664            | \$ 89,289           | \$ 89,846           | \$ 84,085           |
| Unrestricted                                       | (30,628)                   | 32,656               | 81,006               | 147,240              | 208,359              | 269,127              | 254,564              | 231,149             | 271,420             | 432,511             |
| <b>Total Business-Type Activities Net Position</b> | <b>\$ 26,702</b>           | <b>\$ 83,008</b>     | <b>\$ 126,514</b>    | <b>\$ 212,973</b>    | <b>\$ 261,296</b>    | <b>\$ 313,216</b>    | <b>\$ 298,228</b>    | <b>\$ 320,438</b>   | <b>\$ 361,266</b>   | <b>\$ 516,596</b>   |
| District-Wide                                      |                            |                      |                      |                      |                      |                      |                      |                     |                     |                     |
| Net Investment In Capital Assets                   | \$ 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       | \$ 16,650,257       |
| Restricted   | 41,982                     | 48,462               | 48,522               | 48,532               | 48,639               | 701,721              | 701,829              | 1,862,718           | 2,712,518           | 9,618,305           |
| Unrestricted                                       | 1,366,212                  | 173,298              | (838,092)            | 101,055              | (738,590)            | (497,091)            | (413,912)            | (15,650,538)        | (15,070,518)        | (20,542,746)        |
| <b>Total District Net Position</b>                 | <b>\$ 13,084,428</b>       | <b>\$ 13,063,926</b> | <b>\$ 12,461,593</b> | <b>\$ 14,279,524</b> | <b>\$ 13,247,923</b> | <b>\$ 13,556,367</b> | <b>\$ 15,241,440</b> | <b>\$ 1,173,526</b> | <b>\$ 4,342,658</b> | <b>\$ 5,725,816</b> |

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, |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|--|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2007                       | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   |
| <b>Expenses</b>  |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities</b>                         |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Instruction</b>                                     |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Regular  | \$ 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          | \$ 27,990,628          |
| Special Education                                      | 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              | 9,942,845              |
| Other Instruction                                      | 694,074                    | 642,627                | 868,217                | 1,483,285              | 1,339,857              | 1,326,175              | 1,509,337              | 1,599,474              | 1,595,651              | 1,717,505              |
| School Sponsored Activities and Athletics              | 488,245                    | 456,184                | 555,707                | 588,643                | 652,345                | 727,611                | 699,647                | 700,647                | 777,843                | 808,825                |
| <b>Support Services:</b>                               |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Student & Instruction Related Services                 | 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              | 8,782,273              |
| Attendance And Social Work                             | 48,986                     | 37,088                 | 36,586                 | 35,234                 | 13,958                 | 15,914                 | 15,010                 | 15,603                 | 15,664                 | 32,058                 |
| Educational Media/School Library                       | 480,277                    | 480,466                | 524,461                | 924,308                | 842,858                | 808,189                | 864,168                | 882,624                | 935,502                | 1,065,093              |
| School Administrative Services                         | 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              | 4,302,884              |
| General Administration                                 | 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              | 1,204,577              |
| Central Services                                       | 1,119,526                  | 1,199,214              | 1,198,319              | 959,747                | 965,077                | 942,254                | 1,325,267              | 1,027,351              | 1,183,876              | 1,224,377              |
| Plant Operations And Maintenance                       | 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              | 6,324,336              |
| Pupil Transportation                                   | 1,454,317                  | 1,366,275              | 1,444,171              | 1,315,004              | 1,224,152              | 1,299,276              | 986,186                | 1,482,745              | 1,543,651              | 1,702,699              |
| Other Support Services                                 |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Interest On Long-Term Debt                             |                            |                        |                        |                        |                        |                        |                        |                        |                        | 54,842                 |
| <b>Total Governmental Activities Expenses</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>65,152,942</b>      |
| <b>Business-Type Activities:</b>                       |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service   | 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              | 1,556,282              |
| <b>Total District Expenses</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>\$ 66,709,224</b>   |
| <b>Program Revenues</b>                                |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Governmental Activities:</b>                        |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges For Services:</b>                           |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Instruction (Tuition)/Rentals                          | \$ 1,599,344               | \$ 177,203             |                        |                        | \$ 140,532             | \$ 131,180             | \$ 705,289             | \$ 657,471             | \$ 295,075             | \$ 274,074             |
| Operating Grants And Contributions                     | 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             | 18,032,588             |
| Capital Grants And Contributions                       | 262,936                    | -                      | -                      | 181,955                | -                      | -                      | 32,377                 | 77,564                 | 1,330,010              | 127,027                |
| <b>Total Governmental Activities Program Revenues</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>18,433,689</b>      |
| <b>Business-Type Activities:</b>                       |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Charges For Services</b>                            |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service   | \$ 394,234                 | \$ 473,551             | \$ 499,755             | \$ 485,567             | \$ 453,785             | \$ 434,862             | \$ 442,592             | \$ 454,267             | \$ 412,934             | \$ 419,494             |
| Operating Grants And Contributions                     | 729,234                    | 794,278                | 810,558                | 959,384                | 960,073                | 1,027,347              | 1,013,305              | 1,083,317              | 1,169,874              | 1,292,118              |
| <b>Total Business Type Activities Program Revenues</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>1,711,612</b>       |
| <b>Total District Program Revenues</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>\$ 20,145,301</b>   |
| <b>Net (Expense)/Revenue</b>                           |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                | \$ (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)        | \$ (46,719,253)        |
| Business-Type Activities                               | (126,130)                  | (78,694)               | (71,494)               | (16,036)               | 13,323                 | 51,920                 | (14,988)               | 22,210                 | 40,828                 | 155,350                |
| <b>Total District-Wide Net Expense</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>\$ (46,563,923)</b> |



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

|   | Fiscal Year Ended June 30, |                      |                      |                      |                       |                      |                      |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2007                       | 2008                 | 2009                 | 2010                 | 2011                  | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 |
| <b>General Revenues And Other Changes In Net Position</b> |                            |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| Governmental Activities:                                  |                            |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| Property Taxes Levied For General Purposes, Net           | \$ 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        | \$ 28,776,862        |
| Unrestricted Grants And Contributions                     | 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           | 19,059,560           |
| Miscellaneous Income                                      | 432,705                    | 762,215              | 767,266              | 702,187              | 695,686               | 711,333              | 159,457              | 100,774              | 149,445              | 110,659              |
| Insurance Proceeds Utilized<br>to Purchase Capital Assets |                            |                      |                      |                      |                       |                      | 92,648               | -                    | -                    | -                    |
| Disposition of Capital Asset, net<br>Transfers            | (126,084)                  | (135,000)            | (115,000)            | (37,889)             | -                     | -                    | (6,165)              | -                    | -                    | -                    |
| <b>Total Governmental Activities</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>    | <b>47,947,081</b>    |
| Business-Type Activities:                                 |                            |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| Transfers   | 126,084                    | 135,000              | 115,000              | 102,495              | 35,000                |                      |                      |                      |                      |                      |
| <b>Total Business-Type Activities</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>-</b>             |
| <b>Total District-Wide</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>\$ 47,947,081</b> |
| <b>Change in Net Position</b>                             |                            |                      |                      |                      |                       |                      |                      |                      |                      |                      |
| Governmental Activities                                   | \$ 874,425                 | \$ (76,807)          | \$ (645,839)         | \$ 1,731,472         | \$ (1,079,924)        | \$ 256,524           | \$ 1,700,061         | \$ 314,845           | \$ 3,128,304         | \$ 1,227,828         |
| Business-Type Activities                                  | (46)                       | 56,306               | 43,506               | 86,459               | 48,323                | 51,920               | (14,988)             | 22,210               | 40,828               | 155,330              |
| <b>Total District</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>  | <b>\$ 1,383,158</b>  |

Source: District financial records

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

|   | 2007      |                  | 2008      |                  | 2009      |                 | 2010      |                | Fiscal Year Ended June 30,<br>2011 |                 | 2012      |                  | 2013      |                  | 2014      |                  | 2015      |                  | 2016      |                  |
|---|-----------|------------------|-----------|------------------|-----------|-----------------|-----------|----------------|------------------------------------|-----------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| General Fund                              |           |                  |           |                  |           |                 |           |                |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Reserved                                  | \$        | 2,266,701        | \$        | 1,268,238        | \$        | 1,826,770       | \$        | 1,243,746      |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Unreserved                                |           | 200,840          |           | 109,883          |           | (1,546,365)     |           | (319,448)      |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Restricted                                |           |                  |           |                  |           |                 |           |                | \$                                 | 42,255          | \$        | 695,337          | \$        | 701,829          | \$        | 501,424          | \$        | 2,372,027        | \$        | 1,985,193        |
| Committed                                 |           |                  |           |                  |           |                 |           |                |                                    | 880,529         |           |                  |           |                  |           |                  |           |                  |           |                  |
| Assigned                                  |           |                  |           |                  |           |                 |           |                |                                    | 1,200,000       |           | 1,497,088        |           | 1,742,235        |           | 907,973          |           | 1,544,442        |           | 2,250,060        |
| Unassigned                                |           | -                |           | -                |           | -               |           | -              |                                    | (1,922,560)     |           | (1,089,306)      |           | (1,135,984)      |           | (1,089,951)      |           | (1,138,929)      |           | (1,081,973)      |
| <b>Total General Fund</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> | <b>\$</b> | <b>3,153,280</b> |
| All Other Governmental Funds              |           |                  |           |                  |           |                 |           |                |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Reserved                                  |           |                  |           |                  |           |                 | \$        | 118,747        |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Unreserved                                | \$        | 6,934            | \$        | (85,939)         | \$        | (63,065)        |           | (77,274)       |                                    |                 |           |                  |           |                  |           |                  |           |                  |           |                  |
| Restricted                                |           |                  |           |                  |           |                 |           |                |                                    |                 |           |                  |           | \$               | 1,361,294 | \$               | 340,491   | \$               | 8,049,775 |                  |
| Assigned                                  |           |                  |           |                  |           |                 |           |                | \$                                 | 6,384           | \$        | 6,384            |           |                  |           |                  |           |                  |           |                  |
| Unassigned                                |           | -                |           | -                |           | -               |           | -              |                                    | (72,092)        |           | (79,241)         | \$        | (103,206)        |           | (101,565)        |           | (95,334)         |           | (104,681)        |
| <b>Total All Other Governmental Funds</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>   | <b>\$</b> | <b>7,945,094</b> |

Source: District financial records

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

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

Fiscal Year Ended June 30,

|   | 2007                  | 2008                  | 2009                  | 2010              | 2011                | 2012              | 2013              | 2014              | 2015                | 2016                |
|---|-----------------------|-----------------------|-----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| <b>Revenues</b>                             |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Tax Levy                                    | \$ 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       | \$ 28,776,862       |
| Tuition Charges                             | 1,599,344             | 177,203               | 60,700                | 136,754           | 140,532             | 131,180           | 93,710            | 155,478           | 295,075             | 274,074             |
| Miscellaneous                               | 519,959               | 824,747               | 788,109               | 744,812           | 733,350             | 723,360           | 828,194           | 631,786           | 174,146             | 124,553             |
| State Sources                               | 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          | 28,499,171          |
| Federal Sources                             | 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           | 1,876,318           |
| <b>Total Revenue</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>59,550,978</b>   |
| <b>Expenditures</b>                         |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| <b>Instruction</b>                          |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Regular Instruction                         | 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          | 23,339,868          |
| Special Education Instruction               | 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           | 8,838,763           |
| Other Instruction                           | 689,238               | 636,939               | 860,389               | 1,474,676         | 1,328,876           | 1,315,860         | 1,495,081         | 1,584,917         | 1,467,219           | 1,518,221           |
| School Sponsored Act. & Athletics           | 482,574               | 450,178               | 549,089               | 580,852           | 641,874             | 717,003           | 686,889           | 688,135           | 763,972             | 784,925             |
| <b>Support Services:</b>                    |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Student & Inst. Related Services            | 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           | 7,580,929           |
| Attendance And Social Work                  | 48,249                | 36,469                | 36,016                | 34,667            | 13,684              | 15,614            | 14,676            | 15,248            | 15,305              | 30,874              |
| Educational Media/School Library            | 474,189               | 473,450               | 517,039               | 910,410           | 827,062             | 793,628           | 846,113           | 863,719           | 833,411             | 930,564             |
| General Administration                      | 1,017,232             | 1,089,945             | 1,063,583             | 1,739,419         | 1,007,148           | 1,077,023         | 1,083,309         | 1,008,878         | 1,088,216           | 1,176,160           |
| School Administrative Services              | 3,107,391             | 3,453,016             | 3,404,824             | 2,853,823         | 3,516,794           | 3,291,172         | 3,488,786         | 3,554,869         | 3,570,962           | 3,645,694           |
| Central Services and Info. Technology       | 1,105,366             | 1,182,846             | 1,182,145             | 945,827           | 947,809             | 926,381           | 966,820           | 831,260           | 1,086,019           | 1,095,037           |
| Plant Operations And Maintenance            | 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           | 6,169,873           |
| Pupil Transportation                        | 1,430,521             | 1,361,262             | 1,438,994             | 1,309,384         | 1,218,102           | 1,295,255         | 1,317,886         | 1,475,021         | 1,535,159           | 1,690,104           |
| Capital Outlay                              | 3,488,542             | 1,682,495             | 968,074               | 1,454,032         | 557,468             | 123,583           | 2,356,852         | 1,007,300         | 2,667,359           | 1,379,133           |
| <b>Debt Service:</b>                        |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Principal                                   |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Interest And Other Charges                  |                       |                       |                       |                   |                     |                   |                   |                   |                     | 45,156              |
| <b>Total Expenditures</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>58,225,301</b>   |
| <b>Excess (Deficiency) Of Revenues</b>      |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Over (Under) Expenditures                   | (2,017,142)           | (1,046,753)           | (959,842)             | 850,826           | (796,155)           | 895,746           | 174,612           | 374,301           | 1,443,522           | 1,325,677           |
| <b>Other Financing Sources (Uses)</b>       |                       |                       |                       |                   |                     |                   |                   |                   |                     |                     |
| Lease Purchase Proceeds (Non-Budgeted)      |                       |                       |                       |                   |                     |                   |                   |                   |                     | 6,750,000           |
| Transfers In                                | 30,830                |                       | 206,060               | 673,160           | 532,084             | 607,881           | 442,911           | 1,838,724         | 557,940             | 2,398,880           |
| Transfers Out                               | (156,914)             | (135,000)             | (321,060)             | (775,655)         | (567,084)           | (607,881)         | (442,911)         | (1,838,724)       | (557,940)           | (2,398,880)         |
| <b>Total Other Financing Sources (Uses)</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>6,750,000</b>    |
| <b>Net Change In Fund Balances</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>\$ 8,075,677</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%               | 0.08%               |

\* 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)**

| <b>Fiscal Year<br/>Ended<br/>June 30,</b> | <b>Interest<br/>Earned</b> | <b>Athletic<br/>Account<br/>Receipts</b> | <b>Refunds/<br/>Reimbursements</b> | <b>IEP<br/>Overhead Fee</b> | <b>Tuitions</b> | <b>Miscellaneous</b> | <b>Total</b> |
|---|----------------------------|--|------------------------------------|-----------------------------|-----------------|----------------------|--------------|
| 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      |
| 2016                                      | 19,224                     | 6,517                                    | 6,231                              | -                           | 274,074         | 78,400               | 384,446      |

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> |
|----------------------------|--------------|----------------|-----------|-------|---------------|----------------|---------------|----------------------|---------------------------|------------------|-----------------------|---|---|
| 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                                     |
| 2016                       | 6,264,660    | 686,893,492    |           |       | 71,359,100    | 112,410,300    | 11,319,900    | 888,247,452          |                           | 919,144          | 889,166,596           | 1,604,125,196                             | 3.302                                     |

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<br>School Tax<br>Rate | Overlapping Rates |         | Total Direct and<br>Overlapping Tax<br>Rate |
|---------------|------------------------------------|-------------------|---------|---|
|               |                                    | Municipality      | County  |   |
| 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                                       |
| 2016          | 3.302                              | 3.191             | 0.975   | 7.468                                       |

Source: County Abstract of Ratables



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

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied<br>for the Fiscal<br>Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|--|---|-----------------------|---------------------------------------|
|                                     |  | Amount  | Percentage<br>of Levy |                                       |
| 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                                   |
| 2016                                | 28,776,862                             | 28,776,862                                      | 100.00%               | N/A                                   |

Source: District financial records



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

| Fiscal<br>Year<br>Ended<br>June 30, | Governmental Activities        |                   |                                      | Business-Type<br>Activities |                | Population | Per Capita  |
|-------------------------------------|--------------------------------|-------------------|--------------------------------------|-----------------------------|----------------|------------|-------------|
|                                     | General<br>Obligation<br>Bonds | Capital<br>Leases | Bond<br>Anticipation<br>Notes (BANs) | Capital Leases              | Total District |            |             |
| 2007                                |                                |                   |                                      |                             | -              | 21,127     |             |
| 2008                                |                                |                   |                                      |                             | -              | 21,124     |             |
| 2009                                |                                |                   |                                      |                             | -              | 21,260     |             |
| 2010                                |                                |                   |                                      |                             | -              | 21,449     |             |
| 2011                                |                                |                   |                                      |                             | -              | 21,527     |             |
| 2012                                |                                |                   |                                      |                             | -              | 21,645     |             |
| 2013                                |                                |                   |                                      |                             | -              | 21,808     |             |
| 2014                                |                                |                   |                                      |                             | -              | 21,921     |             |
| 2015                                |                                |                   |                                      |                             | -              | 21,984     |             |
| 2016                                |                                | \$ 6,750,000      |                                      |                             | \$ 6,750,000   | 21,984     | Est. \$ 307 |

Source: District financial records

Note:

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

N/A - Information not available.

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

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
|                                     | General<br>Obligation<br>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, 2016  
(Unaudited)**

|   | <u>Gross Debt</u>   | <u>Deductions</u> | <u>Net Debt</u>      |
|---|---------------------|-------------------|----------------------|
| Municipal Debt: (1)<br>Township                                   | \$ 5,046,297        | 106,334           | \$ 4,939,963         |
|   | <u>\$ 5,046,297</u> | <u>\$ 106,334</u> | <u>4,939,963</u>     |
| Overlapping Debt Apportioned to the Municipality:<br>Union County |                     |                   | <u>14,916,459</u>    |
| Total Direct and Overlapping Debt                                 |                     |                   | <u>\$ 19,856,422</u> |

## Source:

(1) Township's 2015 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2015 equalized value by the total 2015 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 2015

|                           |                         |
|---------------------------|-------------------------|
| Equalized valuation basis |                         |
| 2015                      | \$ 1,633,585,082        |
| 2014                      | \$ 1,614,687,080        |
| 2013                      | 1,669,266,225           |
|                           | <u>\$ 4,917,538,387</u> |
|                           | \$ 1,639,179,462        |
|                           | 65,567,178 a            |
|                           | <u>\$ 65,567,178</u>    |

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|   | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt Limit  | \$ 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        | \$ 65,567,178        |
| Total Net Debt Applicable to Limit                                      | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Legal Debt Margin   | <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> | <u>\$ 65,567,178</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                |

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

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

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

| <u>Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|-------------|-------------------|------------------------|--|------------------------------|
| 2007        | 21,127            | N/A                    | \$ 51,393  | 6.80%                        |
| 2008        | 21,124            | N/A                    | 52,871   | 8.70%                        |
| 2009        | 21,260            | N/A                    | 50,238   | 14.60%                       |
| 2010        | 21,449            | N/A                    | 51,388   | 14.90%                       |
| 2011        | 21,527            | N/A                    | 53,506   | 14.80%                       |
| 2012        | 21,645            | N/A                    | 54,649   | 14.80%                       |
| 2013        | 21,808            | N/A                    | 54,889   | 15.40%                       |
| 2014        | 21,921            | N/A                    | 57,306   | 9.10%                        |
| 2015        | 21,984            | N/A                    | N/A  | 7.80%                        |
| 2016        | 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)

|                 | 2016             |   | 2006             |   |
|-----------------|------------------|---|------------------|---|
| <u>Employer</u> | <u>Employees</u> | <u>Percentage of<br/>Total Municipal<br/>Employment</u> | <u>Employees</u> | <u>Percentage of Total<br/>Municipal<br/>Employment</u> |

NOT AVAILABLE

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

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

Source: District Personnel Records

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

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

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil | Percentage Change | Teaching Staff | Teacher/Pupil Ratio |               |                    | Average Daily Enrollment (ADE) <sup>c</sup> | Average Daily Attendance (ADA) <sup>c</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|----------------|---------------------|---------------|--------------------|---|---|--------------------------------------|-------------------------------|
|             |            |                                     |                |                   |                | Elementary          | Middle School | Senior High School |   |   |                                      |                               |
| 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                                       | 0.66%                                | 93.29%                        |
| 2015        | 3,084      | 55,292,489                          | 17,929         | 6.04%             | 296            | 1:11                | 1:13          | 1:9                | 3,084                                       | 2,920                                       | 1.51%                                | 94.68%                        |
| 2016        | 3,041      | 56,801,012                          | 18,678         | 4.67%             | 281            | 1:12                | 1:12          | 1:9                | 3,041                                       | 2,869                                       | -1.39%                               | 94.34%                        |

Sources: District records

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



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

|                                     | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b><u>District Building</u></b>     |         |         |         |         |         |         |         |         |         |         |
| <b><u>Early Learning Center</u></b> |         |         |         |         |         |         |         |         |         |         |
| 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     | 775     | 775     | 775     | 775     | 775     | 775     | 775     | 775     |
| Enrollment                          | 812     | 837     | 865     | 612     | 614     | 688     | 644     | 653     | 676     | 642     |
| <b><u>Elementary</u></b>            |         |         |         |         |         |         |         |         |         |         |
| 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     | 153     | 153     | 153     | 153     | 153     | 153     | 153     | 153     |
| Enrollment                          | 195     | 175     | 199     | 199     | 195     | 201     | 214     | 204     | 219     | 232     |
| 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                          | 421     | 391     | 397     | 402     | 398     | 494     | 423     | 411     | 446     | 469     |
| 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     | 330     | 330     | 330     | 330     | 330     | 330     | 330     | 330     |
| Enrollment                          | 295     | 299     | 304     | 295     | 356     | 260     | 246     | 217     | 204     | 231     |
| 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                          | 32      | 32      |         |         |         |         |         |         |         |         |
| APM Annex                           |         |         |         |         |         |         |         |         |         |         |
| Square Feet                         |         |         |         | 22,000  | 22,000  | N/A     | N/A     | N/A     | N/A     | N/A     |
| Capacity (students)                 |         |         |         | 260     | 260     | N/A     | N/A     | N/A     | N/A     | N/A     |
| Enrollment                          |         |         |         | 232     | 244     | N/A     | N/A     | N/A     | N/A     | N/A     |
| <b><u>Middle School</u></b>         |         |         |         |         |         |         |         |         |         |         |
| 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                          | 473     | 458     | 457     | 452     | 443     | 660     | 693     | 701     | 712     | 666     |
| <b><u>High School</u></b>           |         |         |         |         |         |         |         |         |         |         |
| 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                          | 947     | 946     | 909     | 891     | 880     | 842     | 798     | 821     | 826     | 801     |
| <b><u>Other</u></b>                 |         |         |         |         |         |         |         |         |         |         |
| 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)**

| Project #(s)            | <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>         | <u>2016</u>         |
|-------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| School Facilities       |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Calvin Coolidge         | \$ 55,019         | \$ 148,291          | \$ 120,488          | \$ 140,199          | \$ 38,770           | \$ 91,029           | \$ 145,549          | \$ 110,896          | \$ 106,508          | \$ 99,955           |
| Hurden Looker           | 82,189            | 230,107             | 133,321             | 214,919             | 270,582             | 93,510              | 123,229             | 175,272             | 147,442             | 385,129             |
| Walter Krumbiegel       | 117,854           | 149,841             | 256,800             | 199,412             | 154,350             | 261,164             | 158,858             | 211,894             | 225,878             | 174,119             |
| A.P. Morris             | 201,387           | 226,631             | 244,489             | 210,424             | 208,478             | 210,750             | 216,231             | 323,440             | 317,806             | 328,626             |
| A.P. Morris Annex       |                   |                     |                     | 56,562              | 23,981              | -                   | -                   | -                   | -                   | -                   |
| George Washington       | 53,747            | 64,324              | 99,843              | 102,855             | 80,205              | 49,114              | 125,710             | 134,777             | 183,004             | 94,550              |
| Hillside High School    | 221,163           | 345,727             | 407,198             | 430,940             | 681,035             | 910,999             | 395,337             | 582,576             | 359,771             | 500,624             |
| Saybrook                | 14,846            | 28,578              | 25,621              | 21,813              | 12,451              | 13,992              | 39,877              | 20,029              | 37,193              | 27,955              |
| Total School Facilities | <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>    | <u>1,610,958</u>    |
| Other Facilities        |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Stadium                 | 4,244             | 2,867               | 6,792               | 14,868              | 2,853               | 9,601               | 8,606               | 4,098               | 164,468             | 28,675              |
| Administration          | 11,758            | 12,369              | 15,193              | 12,981              | 10,884              | 11,881              | 14,851              | 40,659              | 44,378              | 14,411              |
| Total Other Facilities  | <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>      | <u>43,086</u>       |
| Grand Total             | <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> | <u>\$ 1,654,044</u> |

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  | \$ 2,500          |
| Comprehensive General Liability                | 5,000,000       |                   |
| Comprehensive Automobile Liability             | 5,000,000       | 1,000             |
| Boiler and Machinery/System Breakdown          | 100,000,000     | 2,500             |
| Educator's Legal Liability                     | 5,000,000       | 35,000            |
| Flood - Zones A&V                              | 25,000,000      |                   |
| Flood - All Other Zones                        | 10,000,000      |                   |
| Earthquake                                     | 25,000,000      |                   |
| Primary Umbrella (Excess of GL & Auto only)    | 5,000,000       |                   |
| Excess Umbrella (Excess GL, Auto, and E&O)     | 30,000,000      |                   |
| Public Employees' Dishonesty                   | 500,000         | 1,000             |
| Surety Bonds                                   |                 |                   |
| Board Secretary/Business Administrator         | 50,000          |                   |

Source: District records

**SINGLE AUDIT SECTION**



CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of and for the fiscal year ended June 30, 2016 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 1, 2016.

**Internal Control Over Financial Reporting**

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

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

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

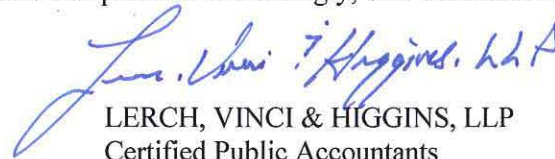
### **Compliance and Other Matters**

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

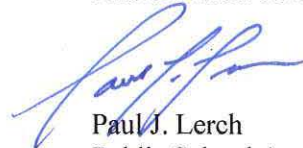
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hillside Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 1, 2016.

### **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 1, 2016





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Hillside Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Hillside Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Hillside Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Hillside Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hillside Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Hillside Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

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

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

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

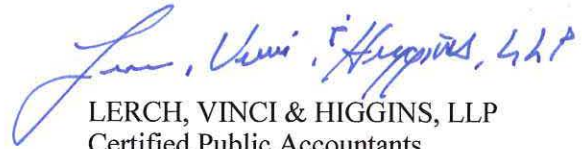
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

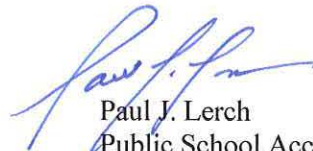


**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2016 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 1, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 1, 2016

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| Federal/Grantor/Pass-Through Grantor/<br>Program Title                                     | CFDA<br>Number | FAIN<br>Number  | Grant or State<br>State Project<br>Number | Grant<br>Period | Award<br>Amount | Balance<br>July 1, 2015 | (A/R)<br>Carryover<br>Amount | (Unearned Rev)<br>Carryover<br>Amount | Cash<br>Received    | Budgetary<br>Expenditures | Adjustments   | Repayment of<br>Prior Years'<br>Balances | June 30, 2016            |                       |                   | Memo<br>GAAP<br>Receivable |
|--|----------------|-----------------|---|-----------------|-----------------|-------------------------|------------------------------|---------------------------------------|---------------------|---------------------------|---------------|--|--------------------------|-----------------------|-------------------|----------------------------|
|  |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  | (Accounts<br>Receivable) | Unearned/<br>Revenue/ | Due to<br>Grantor |                            |
| <b>U.S. Department of Agriculture<br/>Passed-through State Department<br/>of Education</b> |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| National School Lunch Program-Non-Cash Assistance  | 10.555         | 16161NJ304N1099 | N/A                                       | 7/1/14-6/30/15  | \$ 124,999      | \$ 6,305                | -                            | -                                     | -                   | \$ 6,305                  | -             | -  | -                        | -                     | -                 | -                          |
| National School Lunch Program-Non-Cash Assistance  | 10.555         | 16161NJ304N1099 | N/A                                       | 7/1/15-6/30/16  | 140,261         | -                       | -                            | -                                     | \$ 140,261          | 132,247                   | -             | -  | -                        | \$ 8,014              | -                 | -                          |
| National School Lunch Program-Cash Assistance  | 10.555         | 16161NJ304N1099 | N/A                                       | 7/1/14-6/30/15  | 787,549         | (145,959)               | -                            | -                                     | 145,959             | -                         | -             | -  | -                        | -                     | -                 | -                          |
| National School Lunch Program-Cash Assistance  | 10.555         | 16161NJ304N1099 | N/A                                       | 7/1/15-6/30/16  | 814,061         | -                       | -                            | -                                     | 654,230             | 814,061                   | -             | -  | \$ (159,831)             | -                     | \$ (159,831)      | -                          |
| After School Snack   | 10.558         | 16161NJ304N1099 | N/A                                       | 7/1/14-6/30/15  | 40,314          | (7,237)                 | -                            | -                                     | 7,237               | -                         | -             | -  | -                        | -                     | -                 | -                          |
| After School Snack   | 10.558         | 16161NJ304N1099 | N/A                                       | 7/1/15-6/30/16  | 29,302          | -                       | -                            | -                                     | 23,395              | 29,302                    | -             | -  | (5,907)                  | -                     | (5,907)           | -                          |
| School Breakfast Program   | 10.553         | 16161NJ304N1099 | N/A                                       | 7/1/14-6/30/15  | 203,260         | (41,986)                | -                            | -                                     | 41,986              | -                         | -             | -  | -                        | -                     | -                 | -                          |
| School Breakfast Program   | 10.553         | 16161NJ304N1099 | N/A                                       | 7/1/15-6/30/16  | 293,449         | -                       | -                            | -                                     | 230,740             | 293,449                   | -             | -  | (62,709)                 | -                     | (62,709)          | -                          |
| <b>Total U.S. Department of Agriculture/Food Service Fund</b>                              |                |                 |   |                 |                 | <b>(188,877)</b>        | <b>-</b>                     | <b>-</b>                              | <b>1,243,808</b>    | <b>1,275,364</b>          | <b>-</b>      | <b>-</b>                                 | <b>(228,447)</b>         | <b>8,014</b>          | <b>-</b>          | <b>(228,447)</b>           |
| <b>U.S. Department of Education passed-through<br/>State Department of Education</b>       |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| <b>General Fund</b>  |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| Special Education Medicaid Initiative (SEMI) Program                                       | 93.778         |                 | N/A                                       | 7/1/13-6/30/14  | 9,779           | -                       | -                            | -                                     | -                   | 9,779                     | -             | -  | (9,779)                  | -                     | -                 | (9,779)                    |
| Special Education Medicaid Initiative (SEMI) Program                                       | 93.778         | 1605NJ5MAP      | N/A                                       | 7/1/15-6/30/16  | 86,061          | -                       | -                            | -                                     | 86,061              | 86,061                    | -             | -  | -                        | -                     | -                 | -                          |
| <b>Total General Fund</b>  |                |                 |   |                 |                 | <b>-</b>                | <b>-</b>                     | <b>-</b>                              | <b>86,061</b>       | <b>95,840</b>             | <b>-</b>      | <b>-</b>                                 | <b>(9,779)</b>           | <b>-</b>              | <b>-</b>          | <b>(9,779)</b>             |
| <b>Special Revenue Fund</b>  |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| <b>I.A.S.A. Consolidated Grant/NCLB</b>  |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| Title I  | 84.010A        | S010A150030     | NCLB219009                                | 7/1/14-6/30/15  | 642,281         | (120,651)               | \$ 82,616                    | \$ (82,616)                           | \$ 120,651          | -                         | -             | -  | -                        | -                     | -                 | -                          |
| Title I  | 84.010A        | S010A150030     | NCLB219009                                | 7/1/15-6/30/16  | 647,719         | -                       | (82,616)                     | 82,616                                | 478,048             | 664,782                   | -             | -  | (252,287)                | 65,553                | \$ (186,734)      | -                          |
| Title II   | 84.367A        | S367A150029     | NCLB219009                                | 7/1/14-6/30/15  | 95,218          | (7,590)                 | 61,697                       | (61,697)                              | 7,199               | 16                        | \$ 407        | -  | -                        | -                     | -                 | -                          |
| Title II   | 84.367A        | S367A150029     | NCLB219009                                | 7/1/15-6/30/16  | 91,754          | -                       | (61,697)                     | 61,697                                | 54,253              | 94,531                    | -             | -  | (99,198)                 | 58,920                | (40,278)          | -                          |
| Title III  | 84.365A        | S365A150030     | NCLB219009                                | 7/1/14-6/30/15  | 58,293          | (10,708)                | 21,406                       | (21,406)                              | 10,546              | -                         | 162           | -  | -                        | -                     | -                 | -                          |
| Title III  | 84.365A        | S365A150030     | NCLB219009                                | 7/1/15-6/30/16  | 64,576          | -                       | (21,406)                     | 21,406                                | 52,093              | 64,933                    | -             | -  | (33,889)                 | 21,049                | (12,840)          | -                          |
| Title III, Emergency Immigrant   | 84.365A        | S365A150030     | NCLB219009                                | 7/1/14-6/30/15  | 18,905          | (2,910)                 | 4,223                        | (4,223)                               | 2,910               | -                         | -             | -  | -                        | -                     | -                 | -                          |
| Title III, Emergency Immigrant   | 84.365A        | S365A150030     | NCLB219009                                | 7/1/15-6/30/16  | 25,341          | -                       | (4,223)                      | 4,223                                 | 4,191               | 6,321                     | -             | -  | (23,375)                 | 21,243                | (2,130)           | -                          |
| <b>I.D.E.A. Part B</b>   |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| Basic Regular  | 84.027         | H027A150100     | IDEA219009                                | 7/1/14-6/30/15  | 816,662         | (68,862)                | 15,664                       | (15,664)                              | 68,862              | -                         | -             | -  | -                        | -                     | -                 | -                          |
| Basic Regular  | 84.027         | H027A150100     | IDEA219009                                | 7/1/15-6/30/16  | 863,013         | -                       | (15,664)                     | 15,664                                | 776,281             | 866,552                   | -             | -  | (102,396)                | 12,125                | (90,271)          | -                          |
| Preschool  | 84.173         | H173A150114     | IDEA219009                                | 7/1/14-6/30/15  | 21,986          | -                       | 983                          | (983)                                 | -                   | -                         | -             | -  | -                        | -                     | -                 | -                          |
| Preschool  | 84.173         | H173A150114     | IDEA219009                                | 7/1/15-6/30/16  | 23,086          | -                       | (983)                        | 983                                   | 10,385              | 24,069                    | -             | -  | (13,684)                 | -                     | (13,684)          | -                          |
| <b>Total I.D.E.A. Part B Cluster</b>   |                |                 |   |                 |                 | <b>(68,862)</b>         | <b>-</b>                     | <b>-</b>                              | <b>855,528</b>      | <b>890,621</b>            | <b>-</b>      | <b>-</b>                                 | <b>(116,080)</b>         | <b>12,125</b>         | <b>(103,955)</b>  |                            |
| <b>Total U.S. Department of Education</b>  |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
|  |                |                 |   |                 |                 | <b>(210,721)</b>        | <b>-</b>                     | <b>-</b>                              | <b>1,585,419</b>    | <b>1,721,204</b>          | <b>569</b>    | <b>-</b>                                 | <b>(524,827)</b>         | <b>178,890</b>        | <b>-</b>          | <b>(345,937)</b>           |
| <b>U.S. Department of Education<br/>Passed-through State Department<br/>of Education</b>   |                |                 |   |                 |                 |                         |                              |                                       |                     |                           |               |  |                          |                       |                   |                            |
| FEMA Disaster Grant - Snowstorm Aid  | 97.036         | N/A             | N/A                                       | 7/1/15-6/30/16  | 17,632          | -                       | -                            | -                                     | -                   | 17,632                    | -             | -  | (17,632)                 | -                     | -                 | (17,632)                   |
| <b>Total U.S. Department of Homeland Security</b>  |                |                 |   |                 |                 | <b>-</b>                | <b>-</b>                     | <b>-</b>                              | <b>-</b>            | <b>17,632</b>             | <b>-</b>      | <b>-</b>                                 | <b>(17,632)</b>          | <b>-</b>              | <b>-</b>          | <b>(17,632)</b>            |
| <b>Total</b>   |                |                 |   |                 |                 | <b>\$ (399,598)</b>     | <b>\$ -</b>                  | <b>\$ -</b>                           | <b>\$ 2,215,288</b> | <b>\$ 3,110,040</b>       | <b>\$ 569</b> | <b>\$ -</b>                              | <b>\$ (780,685)</b>      | <b>\$ 186,904</b>     | <b>\$ -</b>       | <b>\$ (601,795)</b>        |

Adjustments represent cancellation of prior year orders.

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title   | Grant or State Project Number | Grant Period   | Award Amount  | Balance, July 1, 2015 | Carryover (Walkover) Amount | Cash Received     | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | June 30, 2016         |                  |                | 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  | 15-495-034-5120-078           | 7/1/14-6/30/15 | \$ 19,007,900 | \$ (1,867,036)        |                             | \$ 1,867,036      |                        |             |                                    |                       |                  |                |                 | *                             |                   |
| Equalization Aid  | 16-495-034-5120-078           | 7/1/15-6/30/16 | 19,007,900    | -                     |                             | 17,127,544        | \$ 19,007,900          |             |                                    | \$ (1,880,356)        |                  |                |                 | *                             | \$ 19,007,900     |
| Categorical Special Education Aid                                   | 15-495-034-5120-089           | 7/1/14-6/30/15 | 1,798,099     | (176,770)             |                             | 176,770           |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Categorical Special Education Aid                                   | 16-495-034-5120-089           | 7/1/15-6/30/16 | 1,798,099     | -                     |                             | 1,620,121         | 1,798,099              |             |                                    | (177,978)             |                  |                |                 | *                             | 1,798,099         |
| Security Aid  | 15-495-034-5120-084           | 7/1/14-6/30/15 | 210,693       | (20,713)              |                             | 20,713            |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Security Aid  | 16-495-034-5120-084           | 7/1/15-6/30/16 | 210,693       | -                     |                             | 189,838           | 210,693                |             |                                    | (20,855)              |                  |                |                 | *                             | 210,693           |
| Under Adequacy Aid  | 15-495-034-5120-096           | 7/1/14-6/30/15 | 6,164         | (606)                 |                             | 606               |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Under Adequacy Aid  | 16-495-034-5120-096           | 7/1/15-6/30/16 | 6,164         | -                     |                             | 5,554             | 6,164                  |             |                                    | (610)                 |                  |                |                 | *                             | 6,164             |
| Parcc Readiness Aid   | 15-495-034-5120-098           | 7/1/14-6/30/15 | 29,430        | (2,893)               |                             | 2,893             |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Parcc Readiness Aid   | 16-495-034-5120-098           | 7/1/15-6/30/16 | 29,430        | -                     |                             | 26,517            | 29,430                 |             |                                    | (2,913)               |                  |                |                 | *                             | 29,430            |
| Per Pupil Growth Aid  | 15-495-034-5120-097           | 7/1/14-6/30/15 | 29,430        | (2,893)               |                             | 2,893             |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Per Pupil Growth Aid  | 16-495-034-5120-097           | 7/1/15-6/30/16 | 29,430        | -                     |                             | 26,517            | 29,430                 |             |                                    | (2,913)               |                  |                |                 | *                             | 29,430            |
| <b>Total State Aid - Public Cluster</b>                             |                               |                |               | <b>(2,070,911)</b>    | <b>-</b>                    | <b>21,067,002</b> | <b>21,081,716</b>      | <b>-</b>    | <b>-</b>                           | <b>(2,085,625)</b>    | <b>-</b>         | <b>-</b>       | <b>-</b>        | <b>*</b>                      | <b>21,081,716</b> |
| Extraordinary Special Education Costs Aid                           | 15-100-034-5120-473           | 7/1/14-6/30/15 | 573,729       | (573,729)             |                             | 573,729           |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Extraordinary Special Education Costs Aid                           | 16-100-034-5120-044           | 7/1/15-6/30/16 | 710,194       | -                     |                             |                   | 710,194                |             |                                    | (710,194)             |                  |                |                 | *                             | 710,194           |
| Transportation Aid  | 15-495-034-5120-014           | 7/1/14-6/30/15 | 97,953        | (9,640)               |                             | 9,640             |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Transportation Aid  | 16-495-034-5120-014           | 7/1/15-6/30/16 | 97,953        | -                     |                             | 88,258            | 97,953                 |             |                                    | (9,695)               |                  |                |                 | *                             | 97,953            |
| TPAF Pension - Post Ret. Medical                                    | 16-495-034-5094-001           | 7/1/15-6/30/16 | 2,131,754     | -                     |                             | 2,131,754         | 2,131,754              |             |                                    |                       |                  |                |                 | *                             | 2,131,754         |
| TPAF Pension - NCGI Premium   | 16-495-034-5094-006           | 7/1/15-6/30/16 | 84,950        | -                     |                             | 84,950            | 84,950                 |             |                                    |                       |                  |                |                 | *                             | 84,950            |
| TPAF Pension - Normal Cost  | 16-495-034-5094-007           | 7/1/15-6/30/16 | 1,705,352     | -                     |                             | 1,705,352         | 1,705,352              |             |                                    |                       |                  |                |                 | *                             | 1,705,352         |
| TPAF - Social Security  | 15-495-034-5095-003           | 7/1/13-6/30/14 | 1,663,016     | (495)                 |                             | 495               |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| TPAF - Social Security  | 15-495-034-5094-003           | 7/1/14-6/30/15 | 1,677,704     | (85,087)              |                             | 85,087            |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| TPAF - Social Security  | 16-495-034-5094-003           | 7/1/15-6/30/16 | 1,692,596     | -                     |                             | 1,612,356         | 1,692,596              |             |                                    | (80,240)              |                  |                |                 | *                             | 1,692,596         |
| <b>Total General Fund</b>   |                               |                |               | <b>(2,739,862)</b>    | <b>-</b>                    | <b>27,358,623</b> | <b>27,504,515</b>      | <b>-</b>    | <b>-</b>                           | <b>(2,885,754)</b>    | <b>-</b>         | <b>-</b>       | <b>-</b>        | <b>*</b>                      | <b>(80,240)</b>   |
| <b>Special Revenue Fund</b>   |                               |                |               |                       |                             |                   |                        |             |                                    |                       |                  |                |                 |                               |                   |
| Preschool Education Aid   | 15-495-034-5120-086           | 7/1/14-6/30/15 | 953,343       | (95,334)              |                             | 95,334            |                        |             |                                    |                       |                  |                |                 | *                             | -                 |
| Preschool Education Aid   | 16-495-034-5120-086           | 7/1/15-6/30/16 | 1,046,808     | -                     |                             | 942,127           | 1,046,808              |             |                                    | (104,681)             |                  |                |                 | *                             | 1,046,808         |
| New Jersey Nonpublic Aid:   |                               |                |               |                       |                             |                   |                        |             |                                    |                       |                  |                |                 | *                             |                   |
| Textbook Aid  | 15-100-034-5120-064           | 7/1/14-6/30/15 | 3,813         | 52                    |                             |                   |                        |             | \$ 52                              |                       |                  |                |                 | *                             | -                 |
| Textbook Aid  | 16-100-034-5120-064           | 7/1/15-6/30/16 | -             | -                     |                             | 4,283             | 4,252                  |             |                                    |                       | \$ 31            |                |                 | *                             | 4,252             |
| Technology Initiative Aid   | 15-100-034-5120-373           | 7/1/14-6/30/15 | 2,048         | 123                   |                             |                   |                        |             | 123                                |                       |                  |                |                 | *                             | -                 |
| Technology Initiative Aid   | 16-100-034-5120-373           | 7/1/15-6/30/16 | 1,950         | -                     |                             | 1,950             | 1,623                  |             |                                    |                       |                  | 327            |                 | *                             | 1,623             |
| Nursing Services  | 16-100-034-5120-070           | 7/1/15-6/30/16 | 6,750         | -                     |                             | 6,750             | 6,678                  |             |                                    |                       |                  | 72             |                 | *                             | 6,678             |
| Security Aid  | 16-100-034-5120-509           | 7/1/15-6/30/16 | 1,875         | -                     |                             | 1,875             |                        |             |                                    |                       |                  | 1,875          |                 | *                             | -                 |
| <b>Total Nonpublic Aid Cluster</b>                                  |                               |                |               | <b>175</b>            | <b>-</b>                    | <b>14,858</b>     | <b>12,553</b>          | <b>-</b>    | <b>175</b>                         | <b>-</b>              | <b>-</b>         | <b>2,305</b>   | <b>-</b>        | <b>*</b>                      | <b>12,553</b>     |
| <b>Auxiliary Services:</b>  |                               |                |               |                       |                             |                   |                        |             |                                    |                       |                  |                |                 |                               |                   |
| Compensatory Education  | 15-100-034-5120-067           | 7/1/14-6/30/15 | 11,645        | 6,423                 |                             |                   |                        |             | 6,423                              |                       |                  |                |                 | *                             | -                 |
| Compensatory Education  | 16-100-034-5120-067           | 7/1/15-6/30/16 | -             | -                     |                             | 10,152            | 5,499                  |             |                                    |                       |                  | 4,653          |                 | *                             | 5,499             |
| Transportation  | 15-100-034-5120-067           | 7/1/14-6/30/15 | 756           | 756                   |                             |                   |                        |             | 756                                |                       |                  |                |                 | *                             | -                 |
| Transportation  | 16-100-034-5120-067           | 7/1/15-6/30/16 | -             | -                     |                             | 1,010             | 1,010                  |             |                                    |                       |                  |                |                 | *                             | 1,010             |
| English as a Second Language  | 15-100-034-5120-067           | 7/1/14-6/30/15 | 914           | 914                   |                             |                   |                        |             | 914                                |                       |                  |                |                 | *                             | -                 |
| English as a Second Language  | 16-100-034-5120-067           | 7/1/15-6/30/16 | -             | -                     |                             | 863               |                        |             |                                    |                       |                  | 863            |                 | *                             | -                 |
| <b>Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster</b> |                               |                |               | <b>8,093</b>          | <b>-</b>                    | <b>12,025</b>     | <b>6,509</b>           | <b>-</b>    | <b>8,093</b>                       | <b>-</b>              | <b>-</b>         | <b>5,516</b>   | <b>-</b>        | <b>*</b>                      | <b>6,509</b>      |

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HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title   | Grant or State Project Number | Grant Period   | Award Amount | Balance, July 1, 2015 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | June 30, 2016         |                  |                | Memo Only       |                               |                   |                              |
|---|-------------------------------|----------------|--------------|-----------------------|-----------------------------|---------------|------------------------|-------------|------------------------------------|-----------------------|------------------|----------------|-----------------|-------------------------------|-------------------|------------------------------|
|   |                               |                |              |                       |                             |               |                        |             |                                    | (Accounts Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |                   |                              |
| <b>Special Revenue Fund (Continued)</b>                                       |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| Handicapped Services:   |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| Examination and Classification  | 15-100-034-5120-068           | 7/1/14-6/30/15 | \$ 4,502     | \$ 4,502              |                             |               |                        |             | \$ 4,502                           |                       |                  |                |                 | *                             | -                 |                              |
| Examination and Classification  | 16-100-034-5120-068           | 7/1/15-6/30/16 | -            | -                     |                             | \$ 1,025      |                        |             |                                    |                       | \$ 1,025         |                |                 | *                             | -                 |                              |
| Corrective Speech   | 15-100-034-5120-068           | 7/1/14-6/30/15 | 4,418        | 4,418                 |                             |               |                        |             | 4,418                              |                       |                  |                |                 | *                             | -                 |                              |
| Corrective Speech   | 16-100-034-5120-068           | 7/1/15-6/30/16 | -            | -                     |                             | 3,344         |                        |             |                                    |                       | 3,344            |                |                 | *                             | -                 |                              |
| Supplemental Instruction  | 15-100-034-5120-068           | 7/1/14-6/30/15 | 1,569        | 1,569                 |                             |               |                        |             | 1,569                              |                       |                  |                |                 | *                             | -                 |                              |
| Supplemental Instruction  | 16-100-034-5120-068           | 7/1/15-6/30/16 | -            | -                     |                             | 2,228         |                        |             |                                    |                       | 2,228            |                |                 | *                             | -                 |                              |
| Total Nonpublic Handicapped Services Aid (Chapter 193) Cluster                |                               |                |              | 10,489                | -                           | 6,597         | -                      | -           | 10,489                             | -                     | -                | 6,597          |                 |                               | *                 | -                            |
| <b>Total Special Revenue Fund</b>   |                               |                |              | (76,577)              | -                           | 1,070,941     | \$ 1,065,870           | -           | 18,757                             | \$ (104,681)          | -                | 14,418         |                 |                               | *                 | \$ 1,065,870                 |
| <b>State Department of Agriculture</b>  |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| <b>Enterprise Fund</b>  |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| National School Lunch Program   | 14-100-010-3350-023           | 7/1/14-6/30/15 | 17,135       | (3,538)               |                             | 3,538         |                        |             |                                    |                       |                  |                |                 | *                             | -                 |                              |
| National School Lunch Program   | 15-100-010-3350-023           | 7/1/15-6/30/16 | 16,754       | -                     |                             | 13,421        | 16,754                 |             |                                    | (3,333)               |                  |                |                 | *                             | \$ (3,333) 16,754 |                              |
| National School Lunch Program   | 12-100-010-3350-023           | 7/1/11-6/30/12 | 17,542       | (121)                 |                             | 121           |                        |             |                                    |                       |                  |                |                 | *                             | -                 |                              |
| <b>Total Enterprise Fund</b>  |                               |                |              | (3,659)               | -                           | 17,080        | 16,754                 | -           | -                                  | (3,333)               | -                | -              |                 |                               | *                 | (3,333) 16,754               |
| <b>State of New Jersey Educational Facilities Construction and Financing</b>  |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| Window Replacement - Hillside High School                                     | 2190-050-14-1012              | N/A            | 755,681      | (665,312)             |                             | 700,462       | 38,311                 | \$ 55,219   |                                    |                       | \$ 52,058        |                |                 | *                             | - 703,623         |                              |
| Hillside High School  | 2190-050-14-1005              | N/A            | 299,785      | (216,599)             |                             |               | 17,610                 |             |                                    | (299,785)             | 65,576           |                |                 | *                             | (299,785) 234,209 |                              |
| Walter O. Krumbiegel Middle School  | 2190-085-14-1008              | N/A            | 88,517       | (88,517)              |                             |               |                        |             |                                    | (88,517)              |                  |                |                 | *                             | (88,517) 88,517   |                              |
| Hurden-Looker Elementary  | 2190-080-14-1007              | N/A            | 313,789      | (221,894)             |                             |               | 13,032                 |             |                                    | (313,789)             | 78,863           |                |                 | *                             | (313,789) 234,926 |                              |
| AP Morris Early Childhood Center  | 2190-090-14-1009              | N/A            | 121,962      | (95,268)              |                             |               | 11,703                 |             |                                    | (121,962)             | 14,991           |                |                 | *                             | (121,962) 106,971 |                              |
| George Washington Elementary School   | 2190-110-14-1010              | N/A            | 177,703      | (101,410)             |                             |               | 8,413                  |             |                                    | (177,703)             | 67,880           |                |                 | *                             | (177,703) 109,823 |                              |
| <b>Total Capital Projects Fund</b>  |                               |                |              | (1,389,000)           | -                           | 700,462       | 89,069                 | 55,219      | -                                  | (1,001,756)           | 279,368          | -              |                 |                               | *                 | (1,001,756) 2,143,381        |
| <b>Total State Financial Assistance Subject to Single Audit Determination</b> |                               |                |              | \$ (4,209,098)        | \$ -                        | \$ 29,147,106 | 28,676,208             | \$ 55,219   | \$ 18,757                          | \$ (3,995,524)        | \$ 279,368       | \$ 14,418      |                 |                               | *                 | \$ (1,085,329) \$ 30,730,520 |
| <b>Less On-Behalf TPAF Pension and Annuity Aid</b>                            |                               |                |              |                       |                             |               |                        |             |                                    |                       |                  |                |                 |                               |                   |                              |
| TPAF Pension - Post Ret. Medical  |                               |                |              |                       |                             |               | 2,131,754              |             |                                    |                       |                  |                |                 |                               |                   |                              |
| TPAF Pension - NCGI Premium   |                               |                |              |                       |                             |               | 84,950                 |             |                                    |                       |                  |                |                 |                               |                   |                              |
| TPAF Pension - Normal Cost  |                               |                |              |                       |                             |               | 1,705,352              |             |                                    |                       |                  |                |                 |                               |                   |                              |
|   |                               |                |              |                       |                             |               | 3,922,056              |             |                                    |                       |                  |                |                 |                               |                   |                              |
| <b>Total for State Financial Assistance for Major Programs Determination</b>  |                               |                |              |                       |                             |               | \$ 24,754,152          |             |                                    |                       |                  |                |                 |                               |                   |                              |

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$151,234 for the general fund and an increase of \$32,593 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               | \$ 95,840           | \$ 27,353,281        | \$ 27,449,121        |
| Special Revenue Fund       | 1,780,478           | 1,056,821            | 2,837,299            |
| Capital Projects Fund      |                     | 89,069               | 89,069               |
| Food Service Fund          | <u>1,275,364</u>    | <u>16,754</u>        | <u>1,292,118</u>     |
| Total Financial Assistance | <u>\$ 3,151,682</u> | <u>\$ 28,515,925</u> | <u>\$ 31,667,607</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, 2016**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,692,596 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,790,302 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,131,754 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

**Federal Awards Section**

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

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

Auditee qualified as low-risk auditee?       X       yes                      no

Internal Control over compliance:

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

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

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

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>FAIN Number(s)</u>  | <u>Name of Federal Program or Cluster</u> |
|-----------------------|------------------------|---|
| <u>84.027</u>         | <u>H027A150100</u>     | <u>IDEA Part B, Basic</u>                 |
| <u>84.173</u>         | <u>H173A150114</u>     | <u>IDEA Part B, Preschool</u>             |
| <u>10.555</u>         | <u>16161NJ304N1099</u> | <u>National School Lunch Program</u>      |
| <u>10.558</u>         | <u>16161NJ304N1099</u> | <u>After School Snack</u>                 |
| <u>10.553</u>         | <u>16161NJ304N1099</u> | <u>School Breakfast Program</u>           |

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

|   |                            |
|---|----------------------------|
| Type of auditors' report on compliance for major programs:  | <u>Unmodified</u>          |
| Dollar threshold used to determine Type A programs:   | \$ <u>750,000</u>          |
| Auditee qualified as low-risk auditee?  | <u> X </u> yes <u> </u> no |
| Internal Control over compliance:   |                            |
| 1) Material weakness(es) identified?  | <u> </u> yes <u> X </u> no |
| 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                    | <u> </u> yes <u> X </u> no |
| Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? | <u> </u> yes <u> X </u> no |

Identification of major programs:

| GMIS Number(s)             | Name of State Program                    |
|----------------------------|--|
| <u>16-495-034-5120-078</u> | <u>Equalization Aid</u>                  |
| <u>16-495-034-5120-089</u> | <u>Categorical Special Education Aid</u> |
| <u>16-495-034-5120-084</u> | <u>Security Aid</u>                      |
| <u>16-495-034-5120-096</u> | <u>Under Adequacy Aid</u>                |
| <u>16-495-034-5120-098</u> | <u>PARCC Readiness Aid</u>               |
| <u>16-495-034-5120-097</u> | <u>Per Pupil Growth Aid</u>              |
| <u>16-495-034-5120-086</u> | <u>Preschool Education Aid</u>           |
| <u>16-495-034-5094-003</u> | <u>TPAF - Social Security</u>            |
| <u> </u>                   | <u> </u>                                 |



**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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, 2016**

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**CURRENT YEAR STATE AWARDS**

There are none.

**HILLSIDE BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**

Not Applicable.