

**HILLSIDE BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Hillside, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Hillside Board of Education**

**Hillside, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# HILLSIDE PUBLIC SCHOOLS

*"Aspire to Inspire"*

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

*Darice S. Gonzalez, CPA  
School Business Administrator, Board Secretary*

October 5, 2017

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, 2017 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, 2017, the data presented in this report is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the various funds of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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



<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Average Daily Attendance</b>	<b>Attendance Percentage</b>
2016-17	3073	2898	94.31%
2015-16	3140	2853	90.9%
2014-15	3084	2920	94.0%
2013-14	3038	2834	93.41%
2012-13	3018	2812	93.5%
2011-12	3105	2906	92.3%
2010-11	3123	2906	93.5%
2009-10	3140	2914	93.5%
2008-09	3131	2933	93.9%
2007-08	3115	2976	95.5%

**Economic Condition and Outlook**

The Township of Hillside is a community with a mixed economy and changing demographic trends. The student population as of September 30, 2017 is currently 3,090. The Township and the school district experience slight fluctuations in its demographic due to turnover in housing and the recent hurricane in Puerto Rico, which have brought new students into the district.

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

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

The annual operating budget for the 2016-17 school year included a 0% tax levy, however, through continued fiscal efficiency and college partnerships, the Board of Education continues to invest in its educational programming, always looking to improve students' proficiency in collaborating, thinking critically to problem-solve.

## DEMOGRAPHICS OF STUDENT-POPULATION

<b>African American</b>	<b>64%</b>
<b>White</b>	<b>10%</b>
<b>Hispanic</b>	<b>22%</b>
<b>Other</b>	<b>4%</b>

### **Major Initiatives:**

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

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

Hillside Public Schools also received over \$200,000 to expand our pre-school program to three year olds. The program will begin on November 1, 2017 and has 15 early learners enrolled.

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

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

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

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

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

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

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

**Budgetary Controls:** The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget acted on by the voters of the Township. Annual appropriated budgets are adopted for the General Fund and the Special Revenue Fund. Project-length budgets are approved for capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. These amounts to be re-appropriated are reported as reservations of fund balances at June 30, 2017.

**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, 2017, the District had, \$5,445,000 outstanding on a capital lease secured in 2015-16, which in conjunction with capital reserve funds, are being used to pay for renovations and an addition to the George Washington School. The District had no other outstanding long term debt at year-end.

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

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

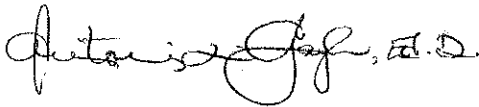
**OTHER INFORMATION:**

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

**ACKNOWLEDGEMENTS:**

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

Respectfully submitted,

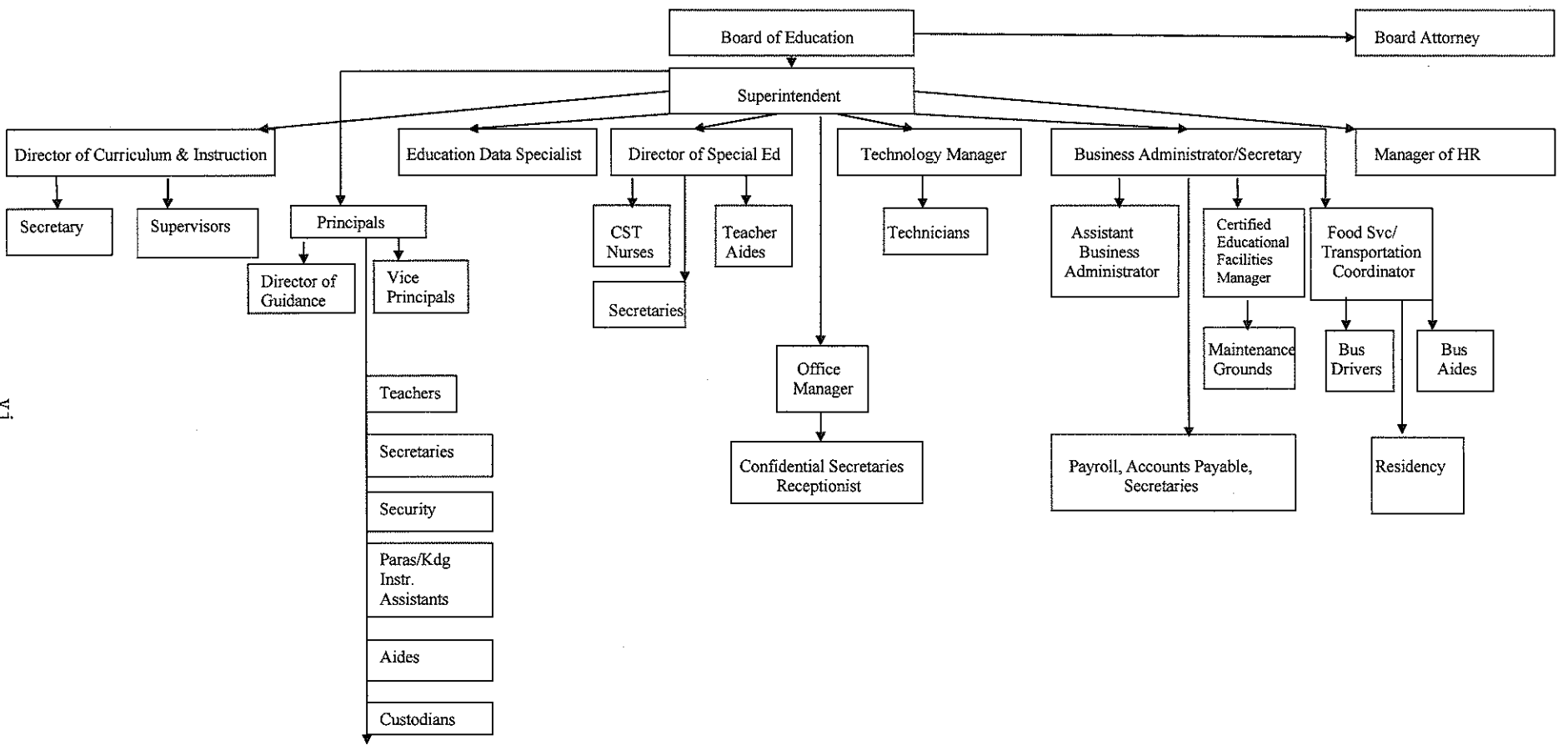


Antoine L. Gayles, Ed.D.  
Superintendent of Schools



Darice S. Gonzalez, CPA  
Business Administrator/Board Secretary

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



1A

**HILLSIDE SCHOOL DISTRICT  
HILLSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dahlia Vertreese, President	2019
Nagy Sileem, Vice President	2017
Juan Allende	2019
Kisha Chiles-Bass	2018
George Cook	2019
Angela Menza	2017
Hawaiian Thompson-Epps	2018
Rayba Watson	2017
Vacant	

Other Officials

Dr. Antoine Gayles, Superintendent of Schools

Kenneth R. Weinheimer, Business Administrator/Board Secretary

Machado Law Group, Board Attorney

Adams, Gutierrez & Lattiboudere, LLC, Labor Attorney

**HILLSIDE SCHOOL DISTRICT  
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2016**

**ATTORNEY**

Machado Law Group  
136 Central Avenue  
Clark, NJ 07066

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

**AUDIT FIRM**

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

**OFFICIAL DEPOSITORY**

Investors Bank

**FINANCIAL SECTION**



**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, PSA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of June 30, 2017, 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 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 October 5, 2017 on our consideration of the Hillside Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hillside Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hillside Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 5, 2017

**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, 2017**

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, 2017. 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 2017 are as follows:

- District-Wide - Overall revenues were \$73,724,819. General revenues accounted for \$49,191,949 or 67 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$24,532,870 or 33 percent of total revenues of \$73,724,819.
- District-Wide - The School District had \$73,999,211 in expenses; only \$24,532,870 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$49,191,949 were adequate to provide for these programs.
- Fund Financials – As of the close of the current fiscal year, the Hillside Board of Education's governmental funds reported combined ending fund balances of \$5,000,010, a decrease of \$6,098,364 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2017, unassigned fund balance for the General Fund was \$(1,083,490), a decrease of \$1,517.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



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

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

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

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

**District-wide Statements**

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

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

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

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

**District-wide Statements (Continued)**

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

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

**Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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

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

**Fund Financial Statements (Continued)**

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

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2017 and 2016 which for 2017 and 2016 were \$5,451,424 and \$5,725,816, 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, 2017 and 2016**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>						
Current and Other Assets	\$ 7,308,908	\$ 12,626,885	\$ 758,710	\$ 533,097	\$ 8,067,618	\$ 13,159,982
Capital Assets	22,929,494	17,009,583	104,728	84,085	23,034,222	17,093,668
<b>Total Assets</b>	<u>30,238,402</u>	<u>29,636,468</u>	<u>863,438</u>	<u>617,182</u>	<u>31,101,840</u>	<u>30,253,650</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	6,441,186	2,597,428	-	-	6,441,186	2,597,428
<b>Total Assets and Deferred Outflow of Resources</b>	<u>36,679,588</u>	<u>32,233,896</u>	<u>863,438</u>	<u>617,182</u>	<u>37,543,026</u>	<u>32,851,078</u>
<b>Liabilities</b>						
Current Liabilities	2,317,369	1,538,197	213,992	92,572	2,531,361	1,630,769
Non-Current Liabilities	29,554,347	25,206,888	-	-	29,554,347	25,206,888
<b>Total Liabilities</b>	<u>31,871,716</u>	<u>26,745,085</u>	<u>213,992</u>	<u>92,572</u>	<u>32,085,708</u>	<u>26,837,657</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	-	279,591	-	-	-	279,591
Deferred Commodities Revenue	-	-	5,894	8,014	5,894	8,014
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>31,871,716</u>	<u>27,024,676</u>	<u>219,886</u>	<u>100,586</u>	<u>32,091,602</u>	<u>27,125,262</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	17,697,811	16,566,172	104,728	84,085	17,802,539	16,650,257
Restricted	4,379,528	9,618,305	-	-	4,379,528	9,618,305
Unrestricted	(17,269,467)	(20,975,257)	538,824	432,511	(16,730,643)	(20,542,746)
<b>Total Net Position</b>	<u>\$ 4,807,872</u>	<u>\$ 5,209,220</u>	<u>\$ 643,552</u>	<u>\$ 516,596</u>	<u>\$ 5,451,424</u>	<u>\$ 5,725,816</u>

**Governmental activities.** Governmental activities decreased the District's net position by \$401,348. Key elements of this decrease are as follows: (see Table A-2)

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

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

**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2017 and 2016**

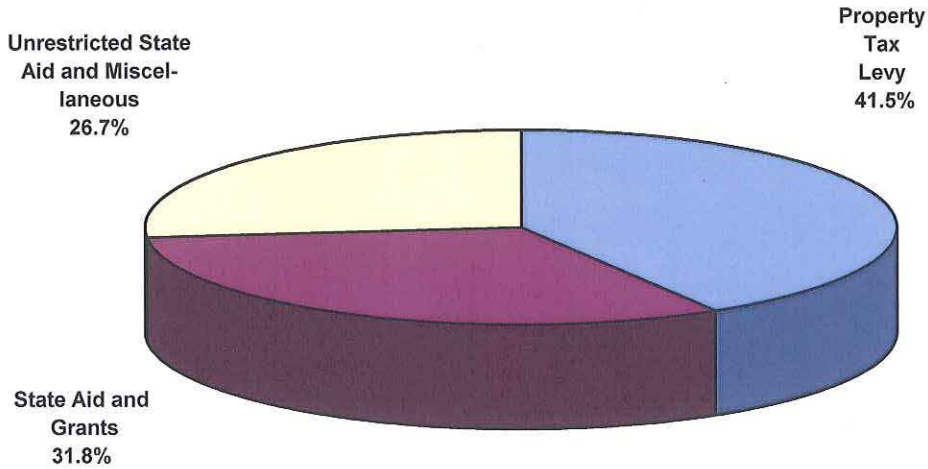
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 73,163	\$ 274,074	\$ 414,694	\$ 419,494	\$ 487,857	\$ 693,568
Operating Grants and Contributions	22,827,051	18,032,588	1,217,962	1,292,118	24,045,013	19,324,706
Capital Grants & Contributions	-	127,027			-	127,027
General Revenues						
Property Taxes	29,927,936	28,776,862			29,927,936	28,776,862
State and Federal Aid - Unrestricted	19,156,699	19,059,560			19,156,699	19,059,560
Miscellaneous	107,314	110,659	-	-	107,314	110,659
<b>Total Revenues</b>	<u>72,092,163</u>	<u>66,380,770</u>	<u>1,632,656</u>	<u>1,711,612</u>	<u>73,724,819</u>	<u>68,092,382</u>
<b>Expenses</b>						
Instruction						
Regular	32,057,954	27,990,628			32,057,954	27,990,628
Special Education	11,299,422	9,942,845			11,299,422	9,942,845
Other Instruction	1,845,336	1,717,505			1,845,336	1,717,505
School Sponsored Activities and Ath.	797,057	808,825			797,057	808,825
Support Services						
Student and Instruction Related Serv.	9,424,472	8,782,273			9,424,472	8,782,273
Attendance and Social Work	50,038	32,058			50,038	32,058
Educational Media/School Library	1,124,224	1,065,093			1,124,224	1,065,093
General Administrative Services	1,313,806	1,204,577			1,313,806	1,204,577
School Administrative Services	5,036,336	4,302,884			5,036,336	4,302,884
Plant Operations and Maintenance	6,237,423	6,324,336			6,237,423	6,324,336
Pupil Transportation	1,780,843	1,702,699			1,780,843	1,702,699
Central Services and Info. Technology	1,407,913	1,224,377			1,407,913	1,224,377
Interest on Long-Term Debt	118,687	54,842			118,687	54,842
Food Services	-	-	1,505,700	1,556,282	1,505,700	1,556,282
<b>Total Expenses</b>	<u>72,493,511</u>	<u>65,152,942</u>	<u>1,505,700</u>	<u>1,556,282</u>	<u>73,999,211</u>	<u>66,709,224</u>
Change in Net Position	(401,348)	1,227,828	126,956	155,330	(274,392)	1,383,158
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 4,807,872</u>	<u>\$ 5,209,220</u>	<u>\$ 643,552</u>	<u>\$ 516,596</u>	<u>\$ 5,451,424</u>	<u>\$ 5,725,816</u>

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

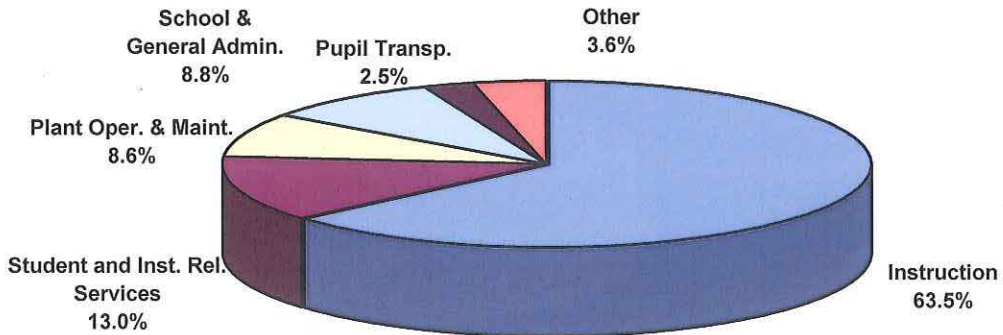
**Governmental activities.** The District's total governmental revenues were \$72,092,163. General revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$49,191,949 or 68% of total revenues. Program revenue from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$22,900,214 or 32%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$45,999,769 (64%), support services totaled \$26,375,055 (36%) and Debt Service totaled \$118,687 (less than 1%). (See Table A-2.)

Revenues by Source- Governmental Activities  
For Fiscal Year 2017



Expenditures by Type- Governmental Activities  
For Fiscal Year 2017



**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, 2017 and 2016**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 32,057,954	\$ 27,990,628	\$ 20,967,919	\$ 19,590,825
Special Education	11,299,422	9,942,845	5,976,855	5,211,270
Other Instruction	1,845,336	1,717,505	867,295	819,758
School Sponsored Activities and Athletics	797,057	808,825	797,057	808,825
Support Services				
Student and Instruction Related Svcs.	9,424,472	8,782,273	6,367,931	6,122,649
Attendance and Social Work	50,038	32,058	35,028	32,058
Educational Media/School Library	1,124,224	1,065,093	847,881	880,309
General Administrative Services	1,313,806	1,204,577	1,193,347	1,189,100
School Administrative Services	5,036,336	4,302,884	3,584,099	3,325,385
Plant Operations and Maintenance	6,237,423	6,324,336	5,996,568	6,024,716
Pupil Transportation	1,780,843	1,702,699	1,671,748	1,604,801
Central Services	1,407,913	1,224,377	1,168,882	1,054,715
Interest on Long-Term Debt	118,687	54,842	118,687	54,842
Total Governmental Activities	<u>\$ 72,493,511</u>	<u>\$ 65,152,942</u>	<u>\$ 49,593,297</u>	<u>\$ 46,719,253</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$1,505,700. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a net gain of \$126,956.

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

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

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

As the District completed the year, its governmental funds reported a combined fund balance of \$5,000,010. At June 30, 2016, the fund balance was \$11,098,374.

**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 \$61,384,373 and expenditures were \$67,482,737.

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, 2017 and 2016.

**Revenues**

	<b>Fiscal</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Years Ended June 30,</b>			
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
Local Sources	\$ 30,124,117	\$ 29,175,489	\$ 948,628	3.25%
State Sources	29,377,556	28,499,171	878,385	3.08%
Federal Sources	<u>1,882,700</u>	<u>1,876,318</u>	<u>6,382</u>	0.34%
 Total Revenues	 <u>\$ 61,384,373</u>	 <u>\$ 59,550,978</u>	 <u>\$ 1,833,395</u>	 3.08%



**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, 2017 and 2016.

**Expenditures**

	<b>Fiscal</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Years Ended June 30,</b>			
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Change</u></b>	<b><u>Change</u></b>
Current				
Instruction	\$ 36,424,087	\$ 34,481,777	\$ 1,942,310	5.63%
Support Services	22,789,370	22,319,235	470,135	2.11%
Capital Outlay	6,844,378	1,379,133	5,465,245	396.28%
Debt Service	<u>1,424,902</u>	<u>45,156</u>	<u>1,379,746</u>	3055.51%
 Total Expenditures	 <u>\$ 67,482,737</u>	 <u>\$ 58,225,301</u>	 <u>\$ 9,257,436</u>	 15.90%

**Budgeting Highlights**

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

**Capital Assets.** At the end of the fiscal years 2017 and 2016, the school district had invested in buildings, furniture, machinery and equipment as stated in Table A-5 as follows:

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

	<b><u>2017</u></b>	<b><u>2016</u></b>
Construction in Progress	\$ 8,904,284	\$ 2,378,849
Buildings and Building Improvements	22,335,158	22,335,158
Machinery and Equipment	<u>5,462,084</u>	<u>5,143,141</u>
 Total	 36,701,526	 29,857,148
 Less: Accumulated Depreciation	 <u>13,772,032</u>	 <u>12,847,565</u>
 Total	 <u>\$ 22,929,494</u>	 <u>\$ 17,009,583</u>

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

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

**Debt Administration.** As of June 30, 2017 and 2016 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>2017</u>	<u>2016</u>
Compensated Absences Payable	\$ 994,311	\$ 1,067,319
Lease Purchase Agreements Payable	5,445,000	6,750,000
Net Pension Liability	<u>23,115,036</u>	<u>17,389,569</u>
 Total	 <u>\$ 29,554,347</u>	 <u>\$ 25,206,888</u>

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

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

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a long history of defeated budgets the overall financial condition of the District has continued to improve from year-to-year. (Note that the Board of Education changed the budget vote to November and for the 2016-17 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 2016-17 year, in the category of capital reserve, the board deposited \$1,010,194.

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 2016-17 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.

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

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If anyone has questions about this report or needs additional financial information, please contact:

Darice Gonzalez, CPA  
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, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,166,086	\$ 503,226	\$ 6,669,312
Receivables, net			
Receivables from Other Governments	894,065	216,220	1,110,285
Other	35,440	20,113	55,553
Inventory		19,151	19,151
Restricted Cash:			
Cash held with Fiscal Agents	213,317		213,317
Capital Assets, net:			
Not Being Depreciated	8,904,284		8,904,284
Being Depreciated	<u>14,025,210</u>	<u>104,728</u>	<u>14,129,938</u>
Total Assets	<u>30,238,402</u>	<u>863,438</u>	<u>31,101,840</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>6,441,186</u>	-	<u>6,441,186</u>
Total Assets and Deferred Outflow of Resources	<u>36,679,588</u>	<u>863,438</u>	<u>37,543,026</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,741,292	208,309	1,949,601
Unearned Revenue	530,771	5,683	536,454
Accrued Interest Payable	8,471		8,471
Payable to State Government	36,835		36,835
Noncurrent Liabilities			
Due within one year	1,325,000		1,325,000
Due beyond one year	<u>28,229,347</u>	-	<u>28,229,347</u>
Total Liabilities	<u>31,871,716</u>	<u>213,992</u>	<u>32,085,708</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Commodities Revenue	-	5,894	5,894
Total Liabilities and Deferred Inflow of Resources	<u>31,871,716</u>	<u>219,886</u>	<u>32,091,602</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	17,697,811	104,728	17,802,539
Restricted for:			
Capital Projects	4,379,528		4,379,528
Unrestricted	<u>(17,269,467)</u>	<u>538,824</u>	<u>(16,730,643)</u>
Total Net Position	<u>\$ 4,807,872</u>	<u>\$ 643,552</u>	<u>\$ 5,451,424</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, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 32,057,954		\$ 11,090,035	\$ (20,967,919)		\$ (20,967,919)
Special Education	11,299,422	\$ 73,163	5,249,404	(5,976,855)		(5,976,855)
Other Instruction	1,845,336		978,041	(867,295)		(867,295)
School Sponsored Activities and Athletics	797,057			(797,057)		(797,057)
Support Services:						
Student & Instruction Related Services	9,424,472		3,056,541	(6,367,931)		(6,367,931)
Attendance and Social Work	50,038		15,010	(35,028)		(35,028)
Educational Media/School Library	1,124,224		276,343	(847,881)		(847,881)
School Administrative Services	5,036,336		1,452,237	(3,584,099)		(3,584,099)
General Administrative Services	1,313,806		120,459	(1,193,347)		(1,193,347)
Plant Operations and Maintenance	6,237,423		240,855	(5,996,568)		(5,996,568)
Pupil Transportation	1,780,843		109,095	(1,671,748)		(1,671,748)
Central Services and Information Technology	1,407,913		239,031	(1,168,882)		(1,168,882)
Interest on Long-Term Debt	118,687	-	-	(118,687)	-	(118,687)
<b>Total Governmental Activities</b>	<b>72,493,511</b>	<b>73,163</b>	<b>22,827,051</b>	<b>(49,593,297)</b>	<b>-</b>	<b>(49,593,297)</b>
Business-Type Activities:						
Food Service	1,505,700	414,694	1,217,962	-	\$ 126,956	126,956
<b>Total Business-Type Activities</b>	<b>1,505,700</b>	<b>414,694</b>	<b>1,217,962</b>	<b>-</b>	<b>126,956</b>	<b>126,956</b>
<b>Total Primary Government</b>	<b>\$ 73,999,211</b>	<b>\$ 487,857</b>	<b>\$ 24,045,013</b>	<b>(49,593,297)</b>	<b>126,956</b>	<b>(49,466,341)</b>
General Revenues:						
Property Taxes, levied for general purposes, net				29,927,936		29,927,936
State and Federal Aid - Unrestricted				19,156,699		19,156,699
Miscellaneous Income				107,314	-	107,314
<b>Total General Revenues</b>				<b>49,191,949</b>	<b>-</b>	<b>49,191,949</b>
Change in Net Position				(401,348)	126,956	(274,392)
Net Position—Beginning of Year				5,209,220	516,596	5,725,816
Net Position—End of Year				<b>\$ 4,807,872</b>	<b>\$ 643,552</b>	<b>\$ 5,451,424</b>

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

**FUND FINANCIAL STATEMENTS**

HILLSIDE BOARD OF EDUCATION  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 AS OF JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,191,102	\$ 9,443	\$ 1,965,541	\$ 6,166,086
Receivables From Other Governments	150,073	477,647	266,345	894,065
Other Receivables	10,000	25,440		35,440
Restricted Cash:				
Cash held with Fiscal Agents	-	-	213,317	213,317
<b>Total Assets</b>	<u>\$ 4,351,175</u>	<u>\$ 512,530</u>	<u>\$ 2,445,203</u>	<u>\$ 7,308,908</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 941,424	\$ 317,248	\$ 359,695	\$ 1,618,367
Accrued Salaries and Wages	118,670	1,755		120,425
Other Liabilities	2,500			2,500
Intergovernmental Accounts Payable		36,835		36,835
Unearned Revenue	-	251,403	279,368	530,771
<b>Total Liabilities</b>	<u>1,062,594</u>	<u>607,241</u>	<u>639,063</u>	<u>2,308,898</u>
Fund Balances:				
Restricted				
Capital Reserve	1,439,141			1,439,141
Capital Reserve - Designated for Subsequent Year's Expenditures	1,134,247			1,134,247
Capital Projects			1,806,140	1,806,140
Excess Surplus - Designated for Subsequent Year's Expenditures	416,663			416,663
Excess Surplus	54,474			54,474
Assigned				
Encumbrances	1,120,696			1,120,696
Designated for Subsequent Year's Expenditures	206,850			206,850
Unassigned				
General Fund	(1,083,490)			(1,083,490)
Special Revenue Fund	-	(94,711)	-	(94,711)
<b>Total Fund Balances (Deficit)</b>	<u>3,288,581</u>	<u>(94,711)</u>	<u>1,806,140</u>	<u>5,000,010</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,351,175</u>	<u>\$ 512,530</u>	<u>\$ 2,445,203</u>	



**HILLSIDE BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2017**

**Fund Balance Governmental Funds (Exhibit B-1)** \$ 5,000,010

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,701,526 and the accumulated depreciation is \$13,772,032.

22,929,494

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

Deferred Outflows of Resources	\$ 6,441,186	
Deferred Inflows of Resources	<u>-</u>	
		6,441,186

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

(8,471)

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

Net Pension Liability	(23,115,036)	
Lease Purchase Agreements Payable	(5,445,000)	
Compensated Absences	<u>(994,311)</u>	
		<u>(29,554,347)</u>

**Net position of governmental activities (Exhibit A-1)** **\$ 4,807,872**

**HILLSIDE BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Property Tax Levy	\$ 29,927,936			\$ 29,927,936
Tuition	73,163			73,163
Miscellaneous	105,043	\$ 15,704	\$ 2,271	123,018
Total - Local Sources	30,106,142	15,704	2,271	30,124,117
State Sources	28,327,100	1,050,456		29,377,556
Federal Sources	123,047	1,759,653	-	1,882,700
Total Revenues	<u>58,556,289</u>	<u>2,825,813</u>	<u>2,271</u>	<u>61,384,373</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	23,639,116	1,043,991		24,683,107
Special Education Instruction	8,590,139	847,863		9,438,002
Other Instruction	972,983	570,752		1,543,735
School Sponsored Activities and Athletics	759,243			759,243
Support Services				
Student & Instruction Related Services	6,768,771	1,033,255		7,802,026
Attendance and Social Work	37,390			37,390
Educational Media/School Library	899,325			899,325
School Administrative Services	3,911,243			3,911,243
General Administrative Services	1,205,633			1,205,633
Plant Operations and Maintenance	5,969,007		10,361	5,979,368
Pupil Transportation	1,758,995			1,758,995
Central Services and Information Technology	1,195,390			1,195,390
Debt Service				
Principal	1,305,000			1,305,000
Interest	119,902			119,902
Capital Outlay	605,575	-	6,238,803	6,844,378
Total Expenditures	<u>57,737,712</u>	<u>3,495,861</u>	<u>6,249,164</u>	<u>67,482,737</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>818,577</u>	<u>(670,048)</u>	<u>(6,246,893)</u>	<u>(6,098,364)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,271	680,018	5,529	687,818
Transfers Out	(685,547)	-	(2,271)	(687,818)
Total Other Financing Sources and (Uses)	<u>(683,276)</u>	<u>680,018</u>	<u>3,258</u>	<u>-</u>
Net Change in Fund Balances	135,301	9,970	(6,243,635)	(6,098,364)
Fund Balance (Deficit), Beginning of Year	<u>3,153,280</u>	<u>(104,681)</u>	<u>8,049,775</u>	<u>11,098,374</u>
Fund Balance (Deficit), End of Year	<u>\$ 3,288,581</u>	<u>\$ (94,711)</u>	<u>\$ 1,806,140</u>	<u>\$ 5,000,010</u>

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

**HILLSIDE BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ (6,098,364)**

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	\$	6,844,378	
Depreciation Expense		<u>(924,467)</u>	
			5,919,911

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

Principal Repayments			
Capital Leases/Lease Purchase Agreements			1,305,000

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	(1,602,118)		
Decrease in Compensated Absences		<u>73,008</u>	
			(1,529,110)

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

The decrease in accrued interest is a an addition in the reconciliation.			<u>1,215</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ (401,348)**

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

**HILLSIDE BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 503,226
Intergovernmental Receivable	
State	3,102
Federal	213,118
Other Accounts Receivable	20,113
Inventory	<u>19,151</u>
Total Current Assets	<u>758,710</u>
Capital Assets	
Equipment	436,083
Less: Accumulated Depreciation	<u>(331,355)</u>
Total Capital Assets, Net	<u>104,728</u>
Total Assets	<u>863,438</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	207,773
Accrued Salaries and Wages	486
Unearned Revenue	5,683
Other Current Liabilities	<u>50</u>
Total Current Liabilities	<u>213,992</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred Commodities Revenue	<u>5,894</u>
Total Liabilities and Deferred Inflow of Resources	<u>219,886</u>
<b>NET POSITION</b>	
Investment in Capital Assets	104,728
Unrestricted	<u>538,824</u>
Total Net Position	<u>\$ 643,552</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, 2017**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Program Sales	\$ 181,597
Nonprogram Sales	217,756
Catering	15,006
Miscellaneous	<u>335</u>
Total Operating Revenues	<u>414,694</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Program	761,609
Cost of Sales - Nonprogram	60,184
Salaries and Employee Benefits	595,073
Depreciation	14,460
Other Purchased Services	45,806
Supplies and Materials	<u>28,568</u>
Total Operating Expenses	<u>1,505,700</u>
Operating (Loss)	<u>(1,091,006)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	15,506
Federal Sources	
School Breakfast Program	266,571
National School Lunch Program	774,033
Food Distribution Programs	130,326
After School Snack Program	<u>31,526</u>
Total Nonoperating Revenues	<u>1,217,962</u>
Change in Net Position	126,956
Total Net Position - Beginning of Year	<u>516,596</u>
Total Net Position - End of Year	<u>\$ 643,552</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, 2017**

	<b>Business-Type            Activities            Enterprise Fund  <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 407,296
Cash Payments for Employees' Salaries and Benefits	(594,587)
Cash Payments to Suppliers for Goods and Services	<u>(650,769)</u>
Net Cash (Used) by Operating Activities	<u>(838,060)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>1,103,196</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,103,196</u>
<b>Cash Flows from Capital Financing Activities</b>	
Acquisition of Capital Assets	<u>(35,103)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(35,103)</u>
Net Increase in Cash and Cash Equivalents	230,033
Cash and Cash Equivalents, Beginning of Year	<u>273,193</u>
Cash and Cash Equivalents, End of Year	<u>\$ 503,226</u>
<b>Reconciliation of Operating Loss to Net Cash            Used by Operating Activities</b>	
Operating (Loss)	\$ <u>(1,091,006)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	14,460
Non Cash Federal Assistance-Food Distribution Program	130,326
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	120,126
Increase/(Decrease) in Accrued Salaries and Wages	486
Increase/(Decrease) in Unearned Revenue	(1,312)
(Increase)/Decrease in Other Accounts Receivable	(6,086)
(Increase)/Decrease in Inventory	<u>(5,054)</u>
Total Adjustments	<u>252,946</u>
Net Cash (Used) by Operating Activities	<u>\$ (838,060)</u>
<b>Non-Cash Investing, Capital and Financing Activities</b>	
Value Received for Food Distribution Program	\$ 128,206

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, 2017**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 289,970	\$ 2,781	\$ 1,023,733
Accounts Receivable	<u>-</u>	<u>-</u>	<u>882</u>
Total Assets	<u>289,970</u>	<u>2,781</u>	<u>1,024,615</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			919,183
Intergovernmental Accounts Payable	14,835		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>105,432</u>
Total Liabilities	<u>14,835</u>	<u>-</u>	<u>\$ 1,024,615</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 275,135</u>	<u>\$ 2,781</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, 2017**

	<b>Unemployment Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions		
District	\$ 27,500	
Employee	49,352	-
	<hr/>	<hr/>
	76,852	-
	<hr/>	<hr/>
Investment Earnings		
Interest	-	\$ 2
	<hr/>	<hr/>
Total Additions	76,852	2
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Unemployment Claims	94,844	-
	<hr/>	<hr/>
Total Deductions	94,844	-
	<hr/>	<hr/>
Change in Net Position	(17,992)	2
Net Position, Beginning of Year	293,127	2,779
	<hr/>	<hr/>
Net Position, End of Year	\$ 275,135	\$ 2,781
	<hr/> <hr/>	<hr/> <hr/>

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, 2017**

**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 2017, the District adopted the following GASB statements as required:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**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, 2017

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 fund which is organized to be self-supporting through user charges:

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

**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.

HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

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 one 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 one type of item which arises under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statement 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, 2017**

**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, 2017**

**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.

*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 2017/2018 District budget certified for taxes.

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

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

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

**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 and miscellaneous revenues.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Revenues and Expenditures/Expenses (Continued)**

**2. *Property Taxes***

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 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, 2017**

**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 2016/2017. Also, during 2016/2017 the Board increased the original general fund budget by \$2,332,491. The increase was funded by additional surplus appropriated additional capital reserve appropriated, grant awards and the reappropriation of prior year general fund encumbrances. The original special revenue fund budget was decreased by \$170,265 based on actual grant awards.

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 \$1,083,490 in the General Fund and \$94,711 in the Special Revenue Fund as of June 30, 2017 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 2016/2017 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, 2017**

**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 \$1,083,490 in the General Fund and \$94,711 in the Special Revenue Fund are/is equal to or less than the delayed state aid payments and state aid advance payment balance at June 30, 2017.

**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, 2017 is as follows:

Balance, July 1, 2016		\$ 1,568,530
Increased by		
Interest earnings	\$ 193	
Deposits approved by Board Resolution	<u>1,010,194</u>	
Total Increases		1,010,387
Decreased by		
Approved by Board Resolution	<u>5,529</u>	
Total Withdrawals		<u>5,529</u>
Balance, June 30, 2017		<u>\$ 2,573,388</u>
Analysis of Balance		
Designated for Subsequent Year's Expenditures	\$ 1,134,247	
Capital Reserve	<u>1,439,141</u>	
		<u>\$ 2,573,388</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017 is \$471,137. Of this amount, \$416,663 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$54,474 will be appropriated in the 2018/2019 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), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$8,199,113 and bank and brokerage firm balances of the Board's deposits amounted to \$9,054,655. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" "cash held with fiscal agents" are categorized as:

**Depository Account**

Insured	\$ <u>9,054,655</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 none of the Board's bank balance was exposed to custodial credit risk as follows:

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**A. Cash Deposits and Investments (Continued)**

**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, 2017, the Board had no outstanding investments.

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

**B. Receivables**

Receivables as of June 30, 2017 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Agency Fund</u>	<u>Total</u>
Receivables:						
Accounts	\$ 10,000	\$ 25,440		\$ 20,113	\$ 882	\$ 56,435
Intergovernmental	<u>150,073</u>	<u>477,647</u>	<u>\$ 266,345</u>	<u>216,220</u>	<u>-</u>	<u>1,110,285</u>
Gross Receivables	160,073	503,087	266,345	236,333	882	1,166,720
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 160,073</u>	<u>\$ 503,087</u>	<u>\$ 266,345</u>	<u>\$ 236,333</u>	<u>\$ 882</u>	<u>\$ 1,166,720</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	\$ 208,198
Grant Draw Downs Reserved for Encumbrances	43,205
Capital Projects Fund	
Unrealized School Facilities Grant	<u>279,368</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 530,771</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Construction in Progress	\$ 2,378,849	\$ 6,525,435	\$ -	\$ 8,904,284
Total capital assets, not being depreciated	<u>2,378,849</u>	<u>6,525,435</u>	<u>-</u>	<u>8,904,284</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	22,335,158			22,335,158
Machinery and Equipment	5,143,141	318,943	-	5,462,084
Total capital assets being depreciated	<u>27,478,299</u>	<u>318,943</u>	<u>-</u>	<u>27,797,242</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(9,046,352)	(570,121)		(9,616,473)
Machinery and Equipment	(3,801,213)	(354,346)	-	(4,155,559)
Total accumulated depreciation	<u>(12,847,565)</u>	<u>(924,467)</u>	<u>-</u>	<u>(13,772,032)</u>
Total capital assets, being depreciated, net	<u>14,630,734</u>	<u>(605,524)</u>	<u>-</u>	<u>14,025,210</u>
Governmental activities capital assets, net	<u>\$ 17,009,583</u>	<u>\$ 5,919,911</u>	<u>\$ -</u>	<u>\$ 22,929,494</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 400,980	\$ 35,103	-	\$ 436,083
Total capital assets being depreciated	<u>400,980</u>	<u>35,103</u>	<u>-</u>	<u>436,083</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(316,895)</u>	<u>(14,460)</u>	<u>-</u>	<u>(331,355)</u>
Total accumulated depreciation	<u>(316,895)</u>	<u>(14,460)</u>	<u>-</u>	<u>(331,355)</u>
Total capital assets, being depreciated, net	<u>84,085</u>	<u>20,643</u>	<u>-</u>	<u>104,728</u>
Business-type activities capital assets, net	<u>\$ 84,085</u>	<u>\$ 20,643</u>	<u>\$ -</u>	<u>\$ 104,728</u>

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

<b>Governmental activities:</b>	
Instruction	
Regular	\$ 418,424
Special Education	115,033
Other Instruction	16,460
School Sponsored/Activities and Athletics	<u>13,836</u>
Total Instruction	<u>563,753</u>
Support Services	
Student and Instruction Related Services	127,207
Attendance and Social Work	1,168
Educational Media School Library	18,583
General Administrative Services	76,875
School Administrative Services	11,810
Plant Operations and Maintenance	94,421
Pupil Transportation	7,994
Central Services and Information Technology	<u>22,656</u>
Total Support Services	<u>360,714</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 924,467</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 14,460</u>



**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
High School Gym Renovation	43,882
Construction of an Additon and Renovations to George Washington School	670,706
New Bleachers in George Washington School Gym	55,764
Roof Collapes at Middle School	<u>91,104</u>
 Total	 <u>\$ 861,456</u>

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

**Interfund transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:				
General Fund		\$ 680,018	\$ 5,529	\$ 685,547
Capital Projects Fund	\$ 2,271	-	-	<u>2,271</u>
 Total	 <u>\$ 2,271</u>	 <u>\$ 680,018</u>	 <u>\$ 5,529</u>	 <u>\$ 687,818</u>

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

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Leases**

**Capital Leases**

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

The unexpended proceeds from capital leases in the amount of \$213,317 at June 30, 2017 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, 2017 were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2018	\$ 1,420,492
2019	1,420,615
2020	1,415,319
2021	<u>1,413,068</u>
Total minimum lease payments	5,669,494
Less: amount representing interest	<u>(224,494)</u>
Present value of minimum lease payments	<u>\$ 5,445,000</u>

**G. Long-Term Debt**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 65,584,697
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 65,584,697</u>

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,067,319		\$ 73,008	\$ 994,311	
Lease Purchase Agreements	6,750,000		1,305,000	5,445,000	\$ 1,325,000
Net Pension Liability	<u>17,389,569</u>	<u>\$ 6,418,818</u>	<u>693,351</u>	<u>23,115,036</u>	<u>-</u>
Governmental activity					
Long-term liabilities	<u>\$ 25,206,888</u>	<u>\$ 6,418,818</u>	<u>\$ 2,071,359</u>	<u>\$ 29,554,347</u>	<u>\$ 1,325,000</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the School Alliance Insurance Fund (SAIF). 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

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

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

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 27,500	\$ 49,352	\$ 94,844	\$ 275,135
2016	35,000	48,936	73,878	293,127
2015	35,000	48,443	95,414	283,069

**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, 2017, 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, 2017**

**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, 2017**

**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, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 693,351	\$ 2,509,039	\$ 2,442
2016	666,000	1,790,302	2,826
2015	626,723	1,207,595	2,647

In addition for fiscal year 2016/2017 the District contributed \$6,688 for PERS and the State contributed \$6,304 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB 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 \$1,681,202 during the fiscal year ended June 30, 2017 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, 2017**

**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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$23,115,036 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .07804 percent, which was an increase .00057 percent from its proportionate share measured as of June 30, 2015 of .07747 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,295,469 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 429,870	
Changes of Assumptions	4,788,201	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	881,397	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>341,718</u>	<u>\$ -</u>
Total	<u>\$ 6,441,186</u>	<u>\$ -</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year	
Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 1,462,891
2019	1,462,891
2020	1,674,952
2021	1,401,577
2022	438,875
Thereafter	<u>-</u>
	<u>\$ 6,441,186</u>



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

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

**HILLSIDE BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 28,324,779</u>	<u>\$ 23,115,036</u>	<u>\$ 18,813,942</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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, 2017**

**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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$13,216,829 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$175,905,208. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was 0.22360 percent, which was an increase of 0.00024 percent from its proportionate share measured as of June 30, 2015 of 0.22336 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**Period of Projected Benefit**

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease (<u>2.22%</u>)</b>	<b>Current Discount Rate (<u>3.22%</u>)</b>	<b>1% Increase (<u>4.22%</u>)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 210,070,129</u>	<u>\$ 175,905,208</u>	<u>\$ 148,005,141</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.



**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$2,090,600, \$2,131,754 and \$1,917,058, 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.

**E. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

**BUDGETARY COMPARISONS**

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 29,927,936	-	\$ 29,927,936	\$ 29,927,936	-
Tuition	120,000	-	120,000	73,163	\$ (46,837)
Miscellaneous	93,410	-	93,410	105,043	11,633
<b>Total Local Sources</b>	<u>30,141,346</u>	<u>-</u>	<u>30,141,346</u>	<u>30,106,142</u>	<u>(35,204)</u>
<b>State Sources</b>					
Equalization Aid	19,083,433	-	19,083,433	19,083,433	-
Special Education Aid	1,827,031	-	1,827,031	1,827,031	-
Transportation Aid	110,390	-	110,390	110,390	-
Security Aid	244,325	-	244,325	244,325	-
Under Adequacy Aid	6,164	-	6,164	6,164	-
Parcc Readiness Aid	29,430	-	29,430	29,430	-
Per Pupil Growth Aid	29,430	-	29,430	29,430	-
Professional Learning Community Aid	30,450	-	30,450	30,450	-
Extraordinary Special Education Costs Aid - 2016/17	-	-	-	752,225	752,225
TPAF Pension and Annuity Fund- Post Ret. Medical (Non-Budget)	-	-	-	2,090,600	2,090,600
TPAF Pension and Annuity Fund (Non-Budget Normal Cost	-	-	-	2,421,309	2,421,309
NCGI Premium	-	-	-	87,730	87,730
Long-term Disability	-	-	-	6,304	6,304
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,681,202	1,681,202
<b>Total State Sources</b>	<u>21,360,653</u>	<u>-</u>	<u>21,360,653</u>	<u>28,400,023</u>	<u>7,039,370</u>
<b>Federal Sources</b>					
SEMI-ARRA	-	-	-	7,482	7,482
Medicaid Reimbursement	71,731	-	71,731	115,565	43,834
<b>Total Federal Sources</b>	<u>71,731</u>	<u>-</u>	<u>71,731</u>	<u>123,047</u>	<u>51,316</u>
<b>Total Revenues</b>	<u>51,573,730</u>	<u>-</u>	<u>51,573,730</u>	<u>58,629,212</u>	<u>7,055,482</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool/Kindergarten	626,282	\$ (54,539)	571,743	567,303	4,440
Grades 1-5	5,191,847	(61,910)	5,129,937	5,086,771	43,166
Grades 6-8	3,072,876	(162,672)	2,910,204	2,901,604	8,600
Grades 9-12	4,884,471	(180,512)	4,703,959	4,680,227	23,732
Home Instruction	25,000	-	25,000	24,177	823
Purchased Professional-Educational Services	10,000	11,984	21,984	13,615	8,369
<b>Regular Programs - Undistributed Instruction</b>					
Purchased Professional-Educational Services	2,000	895	2,895	2,740	155
Other Purchased Services	244,800	(17,331)	227,469	210,703	16,766
General Supplies	719,059	787,152	1,506,211	1,309,222	196,989
Textbooks	38,152	(15,799)	22,353	7,129	15,224
Other Objects	3,380	1,620	5,000	4,397	603
<b>Total Regular Programs</b>	<u>14,817,867</u>	<u>308,888</u>	<u>15,126,755</u>	<u>14,807,888</u>	<u>318,867</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 181,268	\$ 7,697	\$ 188,965	\$ 188,601	\$ 364
Other Salaries for Instruction	51,640	220	51,860	50,360	1,500
General Supplies	1,500	(620)	880	293	587
<b>Total Learning and/or Language Disabilities</b>	<u>234,408</u>	<u>7,297</u>	<u>241,705</u>	<u>239,254</u>	<u>2,451</u>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	71,818	(71,818)			-
Supplies and Materials	3,000	296	3,296	296	3,000
<b>Total Behavioral Disabilities</b>	<u>74,818</u>	<u>(71,522)</u>	<u>3,296</u>	<u>296</u>	<u>3,000</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	269,699	42,950	312,649	305,156	7,493
Other Salaries for Instruction	62,188	25,366	87,554	86,163	1,391
General Supplies	3,000	267	3,267	2,069	1,198
<b>Total Multiple Disabilities</b>	<u>334,887</u>	<u>68,583</u>	<u>403,470</u>	<u>393,388</u>	<u>10,082</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	2,227,589	191,171	2,418,760	2,407,930	10,830
Other Salaries for Instruction	100,079	6,614	106,693	99,823	6,870
General Supplies	3,500	1,337	4,837	1,806	3,031
<b>Total Resource Room/Resource Center</b>	<u>2,331,168</u>	<u>199,122</u>	<u>2,530,290</u>	<u>2,509,559</u>	<u>20,731</u>
<b>Autistic</b>					
Salaries of Teachers	239,400	4,000	243,400	241,801	1,599
Other Salaries for Instruction	115,332	(13,200)	102,132	88,498	13,634
General Supplies	3,000	1,180	4,180	1,759	2,421
<b>Total Autistic</b>	<u>357,732</u>	<u>(8,020)</u>	<u>349,712</u>	<u>332,058</u>	<u>17,654</u>
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	121,250	5,658	126,908	126,898	10
Other Salaries for Instruction	61,540	22,970	84,510	80,160	4,350
General Supplies	2,000	473	2,473	596	1,877
<b>Total Preschool Disabilities - Full - Time</b>	<u>184,790</u>	<u>29,101</u>	<u>213,891</u>	<u>207,654</u>	<u>6,237</u>
<b>Home Instruction</b>					
Salaries of Teachers	14,800	(2,100)	12,700	8,880	3,820
Purchased Professional/Educational Services	10,000	6,244	16,244	6,611	9,633
<b>Total Home Instruction</b>	<u>24,800</u>	<u>4,144</u>	<u>28,944</u>	<u>15,491</u>	<u>13,453</u>
<b>Total Special Education</b>	<u>3,542,603</u>	<u>228,705</u>	<u>3,771,308</u>	<u>3,697,700</u>	<u>73,608</u>
<b>Bilingual Education</b>					
Salaries of Teachers	562,370	(35,190)	527,180	527,180	-
General Supplies	5,000	(1,540)	3,460	1,641	1,819
<b>Total Bilingual Education</b>	<u>567,370</u>	<u>(36,730)</u>	<u>530,640</u>	<u>528,821</u>	<u>1,819</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	\$ 139,500	\$ (7,603)	\$ 131,897	\$ 130,563	\$ 1,334
Other Salaries for Instruction	3,000	277	3,277	3,277	-
Travel		3,844	3,844	3,843	1
Supplies and Materials	1,000	635	1,635	1,493	142
Miscellaneous Purchased Services	-	945	945	945	-
<b>Total School Sponsored Co-Curricular Activities</b>	<u>143,500</u>	<u>(1,902)</u>	<u>141,598</u>	<u>140,121</u>	<u>1,477</u>
<b>School Sponsored Athletics</b>					
Salaries	292,700	10,400	303,100	290,001	13,099
Other Salaries	17,400	1,902	19,302	19,302	-
Other Purchased Professional & Technical Services	47,600	(6,789)	40,811	33,867	6,944
Clean, Repair and Maintenance Services	9,500	2,725	12,225	11,310	915
Rentals, Copiers Etc.	1,000	-	1,000	470	530
Travel	1,700	807	2,507	807	1,700
Miscellaneous Purchased Services		316	316	316	-
Supplies and Materials	70,000	13,522	83,522	60,462	23,060
Other Objects	21,200	4,000	25,200	24,606	594
<b>Total School Sponsored Athletics</b>	<u>461,100</u>	<u>26,883</u>	<u>487,983</u>	<u>441,141</u>	<u>46,842</u>
<b>Before/After School Programs</b>					
Salaries Teacher Tutors	40,500	10,319	50,819	50,411	408
<b>Total Before/After School Programs</b>	<u>40,500</u>	<u>10,319</u>	<u>50,819</u>	<u>50,411</u>	<u>408</u>
<b>Summer School</b>					
Salaries of Teachers	69,204	22,026	91,230	90,691	539
Supplies and Materials	500	(500)	-	-	-
<b>Total Summer School</b>	<u>69,704</u>	<u>21,526</u>	<u>91,230</u>	<u>90,691</u>	<u>539</u>
<b>Community Service Programs</b>					
Salaries	500	-	500	-	500
Supplies and Materials	200	-	200	122	78
<b>Total Community Service Programs</b>	<u>700</u>	<u>-</u>	<u>700</u>	<u>122</u>	<u>578</u>
<b>Total Instruction</b>	<u>19,643,344</u>	<u>557,689</u>	<u>20,201,033</u>	<u>19,756,895</u>	<u>444,138</u>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State-Regular	48,000	33,891	81,891	81,891	-
Tuition to Other LEAs Within the State- Special	1,857,841	(334,370)	1,523,471	1,523,470	1
Tuition to County Voc. School Dist.-Regular	406,000	22,400	428,400	428,400	-
Tuition to County Voc. School Dist.- Special	60,000	(44,000)	16,000	16,000	-
Tuition to CSSD & Reg. Day Schools	51,364	5,645	57,009	57,009	-
Tuition to Priv. Sch. For the Disabled W/I State	1,112,003	59,222	1,171,225	1,170,666	559
Tuition to Priv. Sch. For the Disabled Out of State	116,973	(2,867)	114,106	114,105	1
Tuition- Other	-	1,800	1,800	1,800	-
<b>Total Undistributed Expenditures - Instruction</b>	<u>3,652,181</u>	<u>(258,279)</u>	<u>3,393,902</u>	<u>3,393,341</u>	<u>561</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Attendance and Social Work</b>					
Salaries	\$ 62,875	\$ (16,747)	\$ 46,128	\$ 36,938	\$ 9,190
Salaries of Family Support Teams	-	452	452	452	-
<b>Total Attendance and Social Work</b>	<u>62,875</u>	<u>(16,295)</u>	<u>46,580</u>	<u>37,390</u>	<u>9,190</u>
<b>Health Services</b>					
Salaries	691,356	32,223	723,579	723,215	364
Purchased Professional & Technical Services	24,000	53,568	77,568	75,520	2,048
Purchased Technical Services	984	2,215	3,199	2,772	427
Supplies and Materials	12,415	4,937	17,352	12,296	5,056
<b>Total Health Services</b>	<u>728,755</u>	<u>92,943</u>	<u>821,698</u>	<u>813,803</u>	<u>7,895</u>
<b>Speech, OT, PT and Related Services</b>					
Salaries	506,570	20,383	526,953	523,935	3,018
Purchased Professional/Educational Services	21,000	133,750	154,750	151,346	3,404
Supplies and Materials	2,000	2,860	4,860	3,796	1,064
<b>Total Speech, OT, PT and Related Services</b>	<u>529,570</u>	<u>156,993</u>	<u>686,563</u>	<u>679,077</u>	<u>7,486</u>
<b>Other Support Serv. Students - Extra.</b>					
Salaries	378,611	(4,451)	374,160	371,958	2,202
Purchased Professional/Educational Services	420,000	(128,580)	291,420	237,136	54,284
<b>Total Other Supp.Serv. Student - Related Serv.</b>	<u>798,611</u>	<u>(133,031)</u>	<u>665,580</u>	<u>609,094</u>	<u>56,486</u>
<b>Guidance</b>					
Salaries of Other Professional Staff	704,174	9,571	713,745	713,745	-
Salaries of Secretarial & Clerical Assistants	131,590	1	131,591	131,590	1
Other Purchased Professional & Technical Services	12,185	3,364	15,549	15,348	201
Rentals, Copiers Etc.	4,000	-	4,000	3,790	210
Travel	500	(500)	-	-	-
Supplies and Materials	3,000	5,134	8,134	4,418	3,716
Other Objects	375	-	375	200	175
<b>Total Guidance</b>	<u>855,824</u>	<u>17,570</u>	<u>873,394</u>	<u>869,091</u>	<u>4,303</u>
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	907,562	(148,070)	759,492	756,946	2,546
Salaries of Secretarial & Clerical Assistants	154,200	1	154,201	153,547	654
Purchased Professional- Educat. Services	16,000	63,542	79,542	77,910	1,632
Rentals, Copiers, etc.	2,900	301	3,201	3,138	63
Travel	1,250	-	1,250	880	370
Supplies and Materials	18,000	(1,672)	16,328	12,126	4,202
Other Objects	-	600	600	350	250
<b>Total Child Study Teams</b>	<u>1,099,912</u>	<u>(85,298)</u>	<u>1,014,614</u>	<u>1,004,897</u>	<u>9,717</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Improvement of Instruction Services</b>					
Salaries of Supervisors of Instruction	\$ 705,646	\$ (41,737)	\$ 663,909	\$ 601,119	\$ 62,790
Salaries of Secretarial & Clerical Assist.	108,028	(52,052)	55,976	55,975	1
Other Salaries	10,000	7,516	17,516	17,516	-
Salaries of Facilitators/Math Coaches/Literacy Coaches	7,034	(258)	6,776	3,517	3,259
Purchased Professional- Educat. Services	11,000	2,444	13,444	13,443	1
Travel	1,400	-	1,400	1,198	202
Supplies and Materials	300	220	520	-	520
Miscellaneous Expenditures	1,600	-	1,600	1,586	14
<b>Total Improvement of Instruction Services</b>	<b>845,008</b>	<b>(83,867)</b>	<b>761,141</b>	<b>694,354</b>	<b>66,787</b>
<b>Educational Media/School Library</b>					
Salaries	343,501	-	343,501	343,501	-
Salaries of Secretarial & Clerical Assist.	39,410	-	39,410	39,410	-
Salaries of Technology Coordinators	288,336	(66,032)	222,304	212,248	10,056
Rentals, Copiers Etc.	1,200	91	1,291	1,189	102
Supplies and Materials	10,783	3,929	14,712	11,524	3,188
<b>Total Educational Media/School Library</b>	<b>683,230</b>	<b>(62,012)</b>	<b>621,218</b>	<b>607,872</b>	<b>13,346</b>
<b>Instructional Staff Training Services</b>					
Other Salaries	33,300	400	33,700	21,100	12,600
Purchased Professional/Educational Services	35,100	(2,192)	32,908	26,030	6,878
Travel	6,500	499	6,999	6,097	902
Miscellaneous Expenditures	18,100	4,085	22,185	12,987	9,198
Supplies and Materials	3,900	(1,417)	2,483	848	1,635
Other Objects	7,300	(7,167)	133	-	133
<b>Total Instructional Staff Training Services</b>	<b>104,200</b>	<b>(5,792)</b>	<b>98,408</b>	<b>67,062</b>	<b>31,346</b>
<b>Support Services General Administration</b>					
Salaries	188,420	(30,920)	157,500	157,500	-
Salaries of Secretarial & Clerical Assist.	220,761	-	220,761	220,760	1
Legal Services	85,000	30,147	115,147	115,145	2
Audit Fees	39,000	67,010	106,010	68,440	37,570
Architectural/Engineering Services	20,000	(20,000)	-	-	-
Other Purchased Professional Services	5,400	(220)	5,180	5,180	-
Rentals, Copiers Etc.	7,100	2,458	9,558	9,328	230
Communications/Telephone	53,875	53,187	107,062	105,352	1,710
Postage	27,900	(430)	27,470	26,746	724
Travel	1,200	320	1,520	1,520	-
BOE Travel	2,700	(188)	2,512	2,512	-
BOE Other Purchased Services	175,882	(17,471)	158,411	157,694	717
Supplies and Materials	12,700	(737)	11,963	10,530	1,433
BOE In-House Training/Meeting Supplies	1,200	1,581	2,781	2,538	243
Judgments Against School District	30,000	-	30,000	30,000	-
Miscellaneous Expenditures	35,000	58,840	93,840	93,828	12
<b>Total Support Services General Administration</b>	<b>906,138</b>	<b>143,577</b>	<b>1,049,715</b>	<b>1,007,073</b>	<b>42,642</b>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	1,384,050	(17,097)	1,366,953	1,366,808	145
Salaries of Other Professional Staff	489,844	1,980	491,824	488,436	3,388
Salaries of Secretarial and Clerical Assistants	592,817	42,780	635,597	606,884	28,713
Purchased Professional & Technical Services	20,000	1,821	21,821	21,821	-
Rentals, Copiers Etc.	72,543	8,004	80,547	76,141	4,406
Other Purchased Services	30,000	(16,821)	13,179	9,947	3,232
Travel	2,320	631	2,951	1,544	1,407
Miscellaneous Purchased Services	850	2,440	3,290	725	2,565
Supplies and Materials	53,435	4,059	57,494	43,300	14,194
Other Objects	8,900	872	9,772	4,776	4,996
<b>Total Support Services School Administration</b>	<b>2,654,759</b>	<b>28,669</b>	<b>2,683,428</b>	<b>2,620,382</b>	<b>63,046</b>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Central Services</b>					
Salaries	\$ 179,500	\$ (3,515)	\$ 175,985	\$ 175,984	\$ 1
Salaries of Secretarial and Clerical Assistants	314,432	(3,199)	311,233	311,082	151
Other Salaries	182,978	(650)	182,328	182,327	1
Unused Vacation Payment		17,000	17,000	15,568	1,432
Public Relations		3,875	3,875	3,875	-
Purchased Technical Services	57,200	(15,938)	41,262	41,089	173
Rentals, Copiers Etc.	3,300	212	3,512	3,499	13
Travel	1,000	500	1,500	1,107	393
Miscellaneous Purchased Services	14,600	1,336	15,936	15,621	315
Supplies and Materials	11,500	1,494	12,994	11,243	1,751
Interest for Lease Purchase Agreements	110,589	9,313	119,902	119,902	-
Miscellaneous Expenditures	5,250	3,295	8,545	8,394	151
<b>Total Central Services</b>	<b>880,349</b>	<b>13,723</b>	<b>894,072</b>	<b>889,691</b>	<b>4,381</b>
<b>Admin. Info. Tech.</b>					
Salaries	41,398	(12,145)	29,253	29,252	1
Unused Vacation Payment		11,422	11,422	11,421	1
Purchased Technical Services	3,600	46,556	50,156	48,061	2,095
Travel	9,800	(9,673)	127	127	-
Miscellaneous Purchased Services		7,010	7,010	6,740	270
Supplies and Materials	3,840	(260)	3,580	1,624	1,956
<b>Total Admin. Info. Tech.</b>	<b>58,638</b>	<b>42,910</b>	<b>101,548</b>	<b>97,225</b>	<b>4,323</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	488,106	14,371	502,477	501,173	1,304
Cleaning, Repair and Maintenance Services	547,007	1,152,998	1,700,005	722,346	977,659
Rentals, Copiers Etc.	2,000	1,200	3,200	2,878	322
Miscellaneous Purchased Services	5,300	-	5,300	1,798	3,502
General Supplies	101,000	92,530	193,530	134,626	58,904
Other Objects	4,050	-	4,050	1,846	2,204
<b>Total Required Maintenance for School Facilities</b>	<b>1,147,463</b>	<b>1,261,099</b>	<b>2,408,562</b>	<b>1,364,667</b>	<b>1,043,895</b>
<b>Custodial Services</b>					
Salaries	1,730,521	2,377	1,732,898	1,726,694	6,204
Salaries of Non-Instructional Aides	56,500	10,176	66,676	61,661	5,015
Purchased Professional & Technical Services	56,000	(44,176)	11,824	7,265	4,559
Cleaning, Repair and Maintenance Services	38,500	(7,500)	31,000	9,309	21,691
Other Purchased Property Services	70,900	6,352	77,252	66,978	10,274
Insurance	249,960	1,750	251,710	251,710	-
Travel	200	-	200	-	200
Miscellaneous Purchased Services	2,000	(300)	1,700	-	1,700
General Supplies	43,000	15,951	58,951	58,946	5
Energy (Heat and Electricity)	372,720	(23,903)	348,817	321,961	26,856
Other Objects	8,250	(5,590)	2,660	1,490	1,170
Gasoline	16,000	-	16,000	8,347	7,653
Energy (Natural Gas)	275,500	(61,700)	213,800	196,327	17,473
<b>Total Custodial Services</b>	<b>2,920,051</b>	<b>(106,563)</b>	<b>2,813,488</b>	<b>2,710,688</b>	<b>102,800</b>



**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Care &amp; Upkeep of Grounds</b>					
Salaries	\$ 20,000	\$ (500)	\$ 19,500	\$ 12,741	\$ 6,759
Cleaning, Repair, and Maintenance Services	40,000	156,485	196,485	58,080	138,405
General Supplies	-	556	556	400	156
<b>Total Care &amp; Upkeep of Grounds</b>	<u>60,000</u>	<u>156,541</u>	<u>216,541</u>	<u>71,221</u>	<u>145,320</u>
<b>Security</b>					
Salaries	740,295	(13,112)	727,183	721,840	5,343
Cleaning, Repair, and Maintenance Services		3,250	3,250	2,800	450
Miscellaneous Purchased Services		34,311	34,311		34,311
General Supplies	4,500	(200)	4,300	3,737	563
<b>Total Security</b>	<u>744,795</u>	<u>24,249</u>	<u>769,044</u>	<u>728,377</u>	<u>40,667</u>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	56,600	(20,001)	36,599	36,598	1
Salaries for Pupil Transport ( Between Home and School)- Reg.	36,103	-	36,103	34,805	1,298
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	129,628	30,000	159,628	154,948	4,680
Salaries for Pupil Transport (Other than Between Home & School)	45,002	(7,539)	37,463	29,682	7,781
Management Fee - ESC & CTSA Trans. Prog.	27,750	5,350	33,100	31,800	1,300
Other Purchased Prof. and Technical Services	400	-	400	375	25
Cleaning Repair and Maint. Serv.	37,500	5,610	43,110	43,074	36
Rental Payments - School Buses	500	-	500		500
Contracted Services (Between Home and School) - Vendors	323,325	(8,525)	314,800	314,608	192
Contracted Services (Other Than Between Home and School) - Vendors	82,000	68,461	150,461	142,513	7,948
Contracted Services (Special Ed. Students) - ESC's and CTSA's	762,000	83,000	845,000	833,568	11,432
Aid in Lieu Charter	26,520	(1,768)	24,752	24,752	-
Aid in Lieu Choice	4,420	1,768	6,188	5,304	884
Travel	150	-	150		150
Miscellaneous Purchased Services - Transportation	500	-	500	470	30
Transportation Supplies	30,000	(15,470)	14,530	13,803	727
Other Objects	400	-	400	68	332
<b>Total Student Transportation Services</b>	<u>1,562,798</u>	<u>140,886</u>	<u>1,703,684</u>	<u>1,666,368</u>	<u>37,316</u>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	577,700	(16,828)	560,872	560,445	427
Other Retirement Contributions - PERS	735,728	(35,689)	700,039	700,039	-
Other Retirement Contributions - Regular		2,963	2,963	2,442	521
Unemployment Compensation	27,500	-	27,500	27,500	-
Workers' Compensation	358,964	(22,993)	335,971	335,970	1
Health Benefits	7,043,002	(204,230)	6,838,772	6,828,515	10,257
Tuition Reimbursement	105,500	2,768	108,268	36,089	72,179
Other Employee Benefits	552,807	(1,482)	551,325	545,019	6,306
Unused Sick Payment	70,000	37,200	107,200	107,109	91
<b>Total Unallocated Benefits</b>	<u>9,471,201</u>	<u>(238,291)</u>	<u>9,232,910</u>	<u>9,143,128</u>	<u>89,782</u>

**HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				\$ 2,090,600	\$ (2,090,600)
Pension - Normal Cost				2,421,309	(2,421,309)
Pension - NCGI Premium				87,730	(87,730)
Pension - Long-term Disability				6,304	(6,304)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
	-	-	-	1,681,202	(1,681,202)
<b>Total Undistributed Expenditures</b>	<b>\$ 29,766,358</b>	<b>\$ 1,089,732</b>	<b>\$ 30,856,090</b>	<b>35,361,946</b>	<b>(4,505,856)</b>
<b>Total Current Expenditures</b>	<b>49,409,702</b>	<b>1,647,421</b>	<b>51,057,123</b>	<b>55,118,841</b>	<b>(4,061,718)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Grades 9-12		35,888	35,888	35,888	-
School Sponsored Athletics		3,091	3,091	3,090	1
<b>Undistributed</b>					
Instruction	130,380	(128,993)	1,387		1,387
General Administration		4,024	4,024	4,023	1
School Administration		17,302	17,302	9,302	8,000
Information Technology	28,620	(10,300)	18,320		18,320
Operation and Maintenance of Plant Services		34,962	34,962		34,962
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services		36,125	36,125	6,000	30,125
Other Objects - Debt Service Assessment	28,526	-	28,526	28,526	-
Construction Services	765,000	591,287	1,356,287	547,272	809,015
Lease Purchase Agreement - Principal	1,305,000	-	1,305,000	1,305,000	-
<b>Total Capital Outlay</b>	<b>2,257,526</b>	<b>583,386</b>	<b>2,840,912</b>	<b>1,939,101</b>	<b>901,811</b>
<b>Transfer Funds To Charter School</b>	<b>592,438</b>	<b>93,622</b>	<b>686,060</b>	<b>679,770</b>	<b>6,290</b>
<b>Total General Fund</b>	<b>52,259,666</b>	<b>2,324,429</b>	<b>54,584,095</b>	<b>57,737,712</b>	<b>(3,153,617)</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over/(Under) Expenditures</b>					
	(685,936)	(2,324,429)	(3,010,365)	891,500	3,901,865
<b>Other Financing Sources (Uses)</b>					
Operating Transfer Out - Capital Projects Fund	(110)	(5,529)	(5,639)	(5,529)	110
Operating Transfer In - Capital Projects Fund		-		2,271	2,271
Operating Transfer Out - Special Revenue Fund	(687,467)	(2,533)	(690,000)	(680,018)	9,982
<b>Total Other Financing Sources (Uses)</b>	<b>(687,577)</b>	<b>(8,062)</b>	<b>(695,639)</b>	<b>(683,276)</b>	<b>12,363</b>

HILLSIDE BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ (1,373,513)	\$ (2,332,491)	\$ (3,706,004)	\$ 208,224	\$ 3,914,228
Fund Balance, Beginning of Year	<u>5,958,794</u>	<u>-</u>	<u>5,958,794</u>	<u>5,958,794</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,585,281</u>	<u>\$ (2,332,491)</u>	<u>\$ 2,252,790</u>	<u>\$ 6,167,018</u>	<u>\$ 3,914,228</u>
Recapitulation					
<b>Restricted Fund Balance</b>					
Capital Reserve				\$ 1,439,141	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,134,247	
Excess Surplus - Designated for Subsequent Year's Expenditures				416,663	
Excess Surplus				54,474	
<b>Assigned Fund Balance</b>					
Encumbrances				1,120,696	
Designated for Subsequent Year's Expenditures				206,850	
<b>Unassigned Fund Balance</b>					
Undesignated				<u>1,794,947</u>	
				<u>6,167,018</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Less:					
Last State Aid Payments not recognized on GAAP Basis				(2,126,212)	
Extraordinary Aid Payment				<u>(752,225)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 3,288,581</u>	

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,661,362	\$ (545,710)	\$ 1,115,652	\$ 1,040,786	\$ (74,866)
Federal	1,649,993	300,731	1,950,724	1,766,454	(184,270)
Local Sources					
Miscellaneous	-	74,714	74,714	48,810	(25,904)
Total Revenues	<u>3,311,355</u>	<u>(170,265)</u>	<u>3,141,090</u>	<u>2,856,050</u>	<u>(285,040)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	1,826,953	(546,270)	1,280,683	1,205,592	75,091
Other Salaries for Instruction	271,967	-	271,967	260,814	11,153
Purchased Professional/Educational Services		28,056	28,056	25,305	2,751
Other Purchased Services	767,334	78,813	846,147	844,997	1,150
General Supplies	521,705	(344,432)	177,273	122,776	54,497
Textbooks		-			-
Miscellaneous Expenditures	-	17,005	17,005	10,507	6,498
Total Instruction	<u>3,387,959</u>	<u>(766,828)</u>	<u>2,621,131</u>	<u>2,469,991</u>	<u>151,140</u>
Support Services					
Salaries of Supervisors Instruction	28,754	-	28,754	28,754	-
Salaries of Program Directors	63,230	-	63,230	63,230	-
Salaries of Other Professional Staff		4,715	4,715	4,715	-
Salaries of Secretarial and Clerical Asst.	15,959	-	15,959	15,959	-
Other Salaries		24,658	24,658	13,633	11,025
Personal Services-Employee Benefits	473,637	244,668	718,305	705,633	12,672
Purchased Professional/Educational Services	26,783	210,561	237,344	164,138	73,206
Transportation		-		-	-
Travel		16,370	16,370	9,649	6,721
Other Purchased Services		48,147	48,147	43,227	4,920
Supplies and Materials	2,500	42,935	45,435	17,139	28,296
Miscellaneous Expenditures	-	4,509	4,509	-	4,509
Total Support Services	<u>610,863</u>	<u>596,563</u>	<u>1,207,426</u>	<u>1,066,077</u>	<u>141,349</u>
Total Expenditures	<u>3,998,822</u>	<u>(170,265)</u>	<u>3,828,557</u>	<u>3,536,068</u>	<u>292,489</u>
Deficiency of Revenues Under Expenditures	(687,467)	-	(687,467)	(680,018)	7,449
Other Financing Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	687,467	-	687,467	680,018	(7,449)
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				\$ (94,711)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (94,711)</u>	

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

**HILLSIDE BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 58,629,212	(C-2)	\$ 2,856,050
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2016			2,997
Encumbrances, June 30, 2017			(43,204)
State Aid and Extraordinary Aid payments (2015/2016) recognized for GAAP Statements not recognized for budgetary purposes.	2,805,514		104,681
State Aid and Extraordinary Aid payments (2016/2017) recognized for budgetary purposes not recognized for GAAP statements	<u>(2,878,437)</u>		<u>(94,711)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 58,556,289</u>		<u>\$ 2,825,813</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ 57,737,712	(C-2)	\$ 3,536,068
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2016			2,997
Encumbrances, June 30, 2017	<u>-</u>		<u>(43,204)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 57,737,712</u>	(B-2)	<u>\$ 3,495,861</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 Four Fiscal Years\***

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

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

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



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

**Public Employees Retirement System**

**Last Four Fiscal Years**

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

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

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

**Teachers Pension and Annuity Fund**

**Last Four Fiscal Years\***

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

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

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

**HILLSIDE BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017**

	EXHIBIT <u>E-1A</u>	EXHIBIT <u>E-1B</u>	<u>Total</u>
<b>REVENUES</b>			
Intergovernmental			
State		\$ 1,040,786	\$ 1,040,786
Federal	\$ 1,766,454		1,766,454
Local Sources			
Miscellaneous	-	48,810	48,810
Total Revenues	<u>1,766,454</u>	<u>1,089,596</u>	<u>2,856,050</u>
<b>EXPENDITURES</b>			
Instruction			
Salaries of Teachers	453,813	751,779	1,205,592
Other Salaries for Instruction		260,814	260,814
Purchased Professional/Educational Services	25,305		25,305
Other Purchased Services	844,247	750	844,997
General Supplies	91,829	30,947	122,776
Miscellaneous Expenditures	10,507	-	10,507
Total Instruction	<u>1,425,701</u>	<u>1,044,290</u>	<u>2,469,991</u>
Support Services			
Salaries of Supervisors Inst.		28,754	28,754
Salaries of Program Directors		63,230	63,230
Salaries of Other Professional Staff	4,715		4,715
Salaries of Secretarial and Clerical Asst.		15,959	15,959
Other Salaries	12,133	1,500	13,633
Personal Services-Employee Benefits	217,297	488,336	705,633
Purchased Professional/Educational Services	71,964	92,174	164,138
Transportation	-		-
Travel	7,583	2,066	9,649
Other Purchased Services	10,405	32,822	43,227
Supplies and Materials	16,656	483	17,139
Miscellaneous Expenditures	-	-	-
Total Support Services	<u>340,753</u>	<u>725,324</u>	<u>1,066,077</u>
Total Expenditures	<u>1,766,454</u>	<u>1,769,614</u>	<u>3,536,068</u>
Deficiency of Revenues Under Expenditures	-	(680,018)	(680,018)
Other Financing Sources/(Uses)			
Budgeted Transfer from General Fund		680,018	680,018
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, 2017**

	No Child Left Behind (NCLB) Consolidated				Individuals With Disabilities Education Act			Subtotal E-1A
	Title I	Title IIA	Title III	Title III Emergency Immigrant	Part B-Basic	Part B Preschool	Race to the Top	
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 767,099	\$ 86,348	\$ 36,216	\$ 4,803	\$ 842,986	\$ 23,477	\$ 5,525	\$ 1,766,454
Total Revenues	\$ 767,099	\$ 86,348	\$ 36,216	\$ 4,803	\$ 842,986	\$ 23,477	\$ 5,525	\$ 1,766,454
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 450,355		\$ 3,458					\$ 453,813
Purchased Professional-Educational Services	25,305							25,305
Other Purchased Services	1,200				\$ 819,570	\$ 23,477		844,247
General Supplies	52,202		28,654	\$ 632	4,816		\$ 5,525	91,829
Miscellaneous Expenditures	10,507	-	-	-	-	-	-	10,507
Total Instruction	539,569	-	32,112	632	824,386	23,477	5,525	1,425,701
Support Services								
Salaries of Other Professional Staff		\$ 4,715						4,715
Other Salaries		7,902	1,630	2,601				12,133
Personal Services-Employee Benefits	215,744	965	389	199				217,297
Purchased Professional-Educational Services		57,085		1,200	13,679			71,964
Transportation								-
Travel		7,583						7,583
Other Purchased Services	9,220		1,185					10,405
Supplies and Materials	2,566	8,098	900	171	4,921			16,656
Miscellaneous Expenditures	-	-	-	-	-	-	-	-
Total Support Services	227,530	86,348	4,104	4,171	18,600	-	-	340,753
Facilities Acquisition and Construction								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-
Total Expenditures	\$ 767,099	\$ 86,348	\$ 36,216	\$ 4,803	\$ 842,986	\$ 23,477	\$ 5,525	\$ 1,766,454
Deficiency of Revenues Under Expenditures	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)								
Budgeted Transfer from General Fund								
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**HILLSIDE BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Miscellaneous</u>	<u>NJ STEM</u>	<u>Preschool Education Aid</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Security</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Comp. Education</u>	<u>Chapter 192 English as a Second Language</u>	<u>Transportation</u>	<u>Chapter 193 Examination &amp; Classification</u>	<u>Subtotal E-1B</u>
<b>REVENUES</b>												
Intergovernmental												
State		\$ 1,500	\$ 947,112	\$ 10,171	\$ 6,050	\$ 345	\$ 4,302	\$ 59,839	\$ 822	\$ 1,104	\$ 9,541	\$ 1,040,786
Local	\$ 48,810	-	-	-	-	-	-	-	-	-	-	48,810
<b>Total Revenues</b>	<b>\$ 48,810</b>	<b>\$ 1,500</b>	<b>\$ 947,112</b>	<b>\$ 10,171</b>	<b>\$ 6,050</b>	<b>\$ 345</b>	<b>\$ 4,302</b>	<b>\$ 59,839</b>	<b>\$ 822</b>	<b>\$ 1,104</b>	<b>\$ 9,541</b>	<b>\$ 1,089,596</b>
<b>EXPENDITURES</b>												
Instruction												
Salaries of Teachers			\$ 751,779									\$ 751,779
Other Salaries for Instruction			260,814									260,814
Other Purchased Services	\$ 750											750
General Supplies	13,034	-	17,913	-	-	-	-	-	-	-	-	30,947
<b>Total Instruction</b>	<b>13,784</b>	<b>-</b>	<b>1,030,506</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,044,290</b>
Support Services												
Salaries of Supervisors Inst.			28,754									28,754
Salaries of Program Directors			63,230									63,230
Salaries of Secretarial and Clerical Asst.			15,959									15,959
Other Salaries		1,500										1,500
Personal Services-Employee Benefits			488,336									488,336
Purchased Professional/Educational Services				\$ 10,171	\$ 6,050	345	\$ 4,302	\$ 59,839	\$ 822	\$ 1,104	\$ 9,541	92,174
Other Purchased Services	32,822											32,822
Travel	2,066											2,066
Supplies and Materials	138	-	345	-	-	-	-	-	-	-	-	483
<b>Total Support Services</b>	<b>35,026</b>	<b>1,500</b>	<b>596,624</b>	<b>10,171</b>	<b>6,050</b>	<b>345</b>	<b>4,302</b>	<b>59,839</b>	<b>822</b>	<b>1,104</b>	<b>9,541</b>	<b>725,324</b>
<b>Total Expenditures</b>	<b>\$ 48,810</b>	<b>\$ 1,500</b>	<b>\$ 1,627,130</b>	<b>\$ 10,171</b>	<b>\$ 6,050</b>	<b>\$ 345</b>	<b>\$ 4,302</b>	<b>\$ 59,839</b>	<b>\$ 822</b>	<b>\$ 1,104</b>	<b>\$ 9,541</b>	<b>\$ 1,769,614</b>
Deficiency of Revenues Under Expenditures	-	-	(680,018)	-	-	-	-	-	-	-	-	(680,018)
Other Financing Sources/(Uses)												
Budgeted Transfer from General Fund			680,018									680,018
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>	<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, 2017**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 751,779	\$ 751,779	\$ -
Other Salaries for Instruction	260,814	260,814	-
General Supplies	17,913	17,913	-
Total Instruction	<u>1,030,506</u>	<u>1,030,506</u>	<u>-</u>
<b>Support Services:</b>			
Salaries of Supervisors Inst.	28,754	28,754	-
Salaries of Program Directors	63,230	63,230	-
Salaries of Secretaries & Clerical Assistants	15,959	15,959	-
Purchased Services - Employee Benefits	488,336	488,336	-
Supplies and Materials	345	345	-
Total Support Services	<u>596,624</u>	<u>596,624</u>	<u>-</u>
Total Expenditures	<u>\$ 1,627,130</u>	<u>\$ 1,627,130</u>	<u>\$ -</u>
Total Revised 2016-2017 Preschool Education Aid Allocation			\$ 947,112
Add: Actual Preschool Aid Carryover (June 30, 2016)			-
Add: Prior Year Order Cancelled			-
Add: Budgeted Transfer from the General Fund 2016-2017			<u>680,018</u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget			1,627,130
Less: Budgeted Preschool Education Aid			<u>1,627,130</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2017			-
Add: June 30, 2017 Unexpended Preschool Education Aid			-
2016-2017 Carryover - Preschool Education Aid			<u>\$ -</u>
2016-2017 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2017-2018			<u>\$ -</u>

**CAPITAL PROJECTS FUND**

HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Issue</u>	<u>Issue/Project Title</u>	<u>Revised</u> <u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance,</u> <u>June 30, 2017</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Cancelled</u>
2015	Upgrade Security at Main Entrance - Hillside High School	\$ 548,089	\$ 425,835		\$ 122,254
2015	Upgrade Security at Main Entrance - Walter O. Krumbiegel Middle School	197,530	192,001		5,529
2015	Upgrade Security at Main Entrance - Hurden Looker Elementary	573,693	427,137		146,556
2015	Upgrade Security at Main Entrance - AP Morris Early Childhood Center	222,980	194,492		28,488
2015	Upgrade Security at Main Entrance - George Washington Elementary	324,889	199,678		125,211
2016	Renovation and Addition - George Washington Elementary	<u>8,600,000</u>	<u>693,366</u>	<u>\$ 6,249,164</u>	<u>-</u>
		<u>\$ 10,467,181</u>	<u>\$ 2,132,509</u>	<u>\$ 6,249,164</u>	<u>\$ -</u>
					<u>\$ 2,085,508</u>
					Project Balance - Budgetary Basis \$ 2,085,508
					Less: SDA Grant Revenue
					Not Realized Under GAAP <u>(279,368)</u>
					Fund Balance - GAAP <u>\$ 1,806,140</u>
					<u>Recapitulation of Fund Balance-Budgetary Basis</u>
					Restricted for Capital Projects:
					Year End Encumbrances \$ 481,278
					Available for Capital Projects <u>1,604,230</u>
					Total Fund Balance - Restricted for Capital Projects <u>\$ 2,085,508</u>

**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, 2017**

**Revenues and Other Financing  
Sources**

Interest on Investments	\$ 2,271
Transfer from Capital Reserve	<u>5,529</u>
Total Revenues and Other Financing Sources	<u>7,800</u>

**Expenditures and Other  
Financing Uses**

Expenditures	
Purchased Professional and Technical Services	193,387
Construction Services	6,055,777
Transfer to General Fund Interest Earnings	<u>2,271</u>
Total Expenditures and Other Financing Uses	<u>6,251,435</u>

Excess (deficiency) of Revenues over (under) Expenditures	(6,243,635)
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Fund Balance - Beginning of Year - Budgetary Basis	<u>8,329,143</u>
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Fund Balance - End of Year - Budgetary Basis	<u><u>\$ 2,085,508</u></u>
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**Reconciliation to GAAP:**

Project Fund Balance	\$ 2,085,508
Less: SDA Grant Revenue not Realized Under GAAP	<u>(279,368)</u>

Fund Balance - End of Year - GAAP Basis	<u><u>\$ 1,806,140</u></u>
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**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HILLSIDE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 299,785		\$ 299,785	\$ 299,785
Transfer from Capital Reserve	248,304		248,304	248,304
	<hr/>		<hr/>	<hr/>
Total Revenues and Other Financing Sources	548,089	-	548,089	548,089
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	45,131		45,131	108,417
Construction Services	380,704		380,704	439,672
	<hr/>		<hr/>	<hr/>
Total Expenditures	425,835	-	425,835	548,089
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 122,254</u>	<u>\$ -</u>	<u>\$ 122,254</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	2190-050-14-1005			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 548,089			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 548,089			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	90%			
Original target completion date	6/30/2015			
Revised target completion date	12/31/2017			

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - WALTER O. KRUMBIEGEL MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 88,517		\$ 88,517	\$ 88,517
Transfer from Capital Reserve	103,484	\$ 5,529	109,013	109,013
	<u>192,001</u>	<u>5,529</u>	<u>197,530</u>	<u>197,530</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	15,731		15,731	15,731
Construction Services	176,270		176,270	181,799
	<u>192,001</u>	<u>-</u>	<u>192,001</u>	<u>197,530</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ -</u>	<u>\$ 5,529</u>	<u>\$ 5,529</u>	<u>\$ -</u>

**Additional project information:**

Project Number	2190-085-14-1008
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 191,338
Additional Authorized Cost	6,192
Revised Authorized Cost	\$ 197,530
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	90%
Original target completion date	6/30/2015
Revised target completion date	12/31/2017

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - HURDEN LOOKER ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 313,789		\$ 313,789	\$ 313,789
Transfer from Capital Reserve	259,904		259,904	259,904
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	573,693	-	573,693	573,693
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	44,193		44,193	97,519
Construction Services	382,944		382,944	476,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	427,137	-	427,137	573,693
<b>Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures</b>				
	<u>\$ 146,556</u>	<u>\$ -</u>	<u>\$ 146,556</u>	<u>\$ -</u>

**Additional project information:**

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

## Percentage Increase over Original

Authorized Cost	N/A
Percentage completion	90%
Original target completion date	6/30/2015
Revised target completion date	12/31/2017

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - AP MORRIS EARLY CHILDHOOD CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 121,962		\$ 121,962	\$ 121,962
Transfer from Capital Reserve	101,018		101,018	101,018
	222,980	-	222,980	222,980
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	20,130		20,130	43,430
Construction Services	174,362		174,362	179,550
	194,492	-	194,492	222,980
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	\$ 28,488	-	\$ 28,488	\$ -

**Additional project information:**

Project Number	2190-090-14-1009
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 222,980
Additional Authorized Cost	N/A
Revised Authorized Cost	\$ 222,980
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	90%
Original target completion date	6/30/2015
Revised target completion date	12/31/2017



**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
UPGRADE SECURITY AT MAIN ENTRANCE - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 177,703		\$ 177,703	\$ 177,703
Transfer from Capital Reserve	147,186		147,186	147,186
<b>Total Revenues and Other Financing Sources</b>	<u>324,889</u>	<u>-</u>	<u>324,889</u>	<u>324,889</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	27,431		27,431	62,704
Construction Services	172,247		172,247	262,185
<b>Total Expenditures</b>	<u>199,678</u>	<u>-</u>	<u>199,678</u>	<u>324,889</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 125,211</u>	<u>\$ -</u>	<u>\$ 125,211</u>	<u>\$ -</u>

**Additional project information:**

Project Number	2190-110-14-1010
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 324,889
Additional Authorized Cost	N/A
Revised Authorized Cost	\$ 324,889
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	90%
Original target completion date	6/30/2015
Revised target completion date	12/31/2017

**HILLSIDE BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
RENOVATION AND ADDITION - GEORGE WASHINGTON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Purchase Proceeds	\$ 6,750,000		\$ 6,750,000	\$ 6,750,000
Interest on Investments	287	\$ 2,271	2,558	
Transfer from Capital Reserve	<u>1,850,000</u>		<u>1,850,000</u>	<u>1,850,000</u>
Total Revenues and Other Financing Sources	<u>8,600,287</u>	<u>2,271</u>	<u>8,602,558</u>	<u>8,600,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	492,896	193,387	686,283	695,000
Construction Services	200,470	6,055,777	6,256,247	7,905,000
Transfer to General Fund	<u>287</u>	<u>2,271</u>	<u>2,558</u>	
Total Expenditures and Other Financing Uses	<u>693,653</u>	<u>6,251,435</u>	<u>6,945,088</u>	<u>8,600,000</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 7,906,634</u>	<u>\$ (6,249,164)</u>	<u>\$ 1,657,470</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 8,600,000			
Additional Authorized Cost	N/A			
Revised Authorized Cost	\$ 8,600,000			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	81%			
Original target completion date	6/30/2018			
Revised target completion date	N/A			

**PROPRIETARY FUNDS**

**HILLSIDE BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

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, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

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, 2017**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 105,432	\$ 918,301	\$ 1,023,733
Accounts Receivable	<u>-</u>	<u>882</u>	<u>882</u>
 Total Assets	 <u>\$ 105,432</u>	 <u>\$ 919,183</u>	 <u>\$ 1,024,615</u>
 <b>LIABILITIES</b>			
Payroll Deductions and Withholdings Due to Student Groups	 <u>\$ 105,432</u>	 <u>\$ 919,183</u> <u>-</u>	 <u>\$ 919,183</u> <u>105,432</u>
 Total Liabilities	 <u>\$ 105,432</u>	 <u>\$ 919,183</u>	 <u>\$ 1,024,615</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

<u>School</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
<b>ELEMENTARY SCHOOLS</b>				
Calvin Coolidge	\$ 2,133	\$ 21,476	\$ 19,374	\$ 4,235
A.P. Morris	10,388	22,545	27,459	5,474
Hurden Looker	3,562	25,425	21,686	7,301
George Washington	2,828	994	333	3,489
<b>JUNIOR HIGH SCHOOLS</b>				
Walter O. Krumbiegel	7,432	42,748	39,366	10,814
<b>SENIOR HIGH SCHOOL</b>				
Hillside High School	<u>71,934</u>	<u>108,032</u>	<u>105,847</u>	<u>74,119</u>
Total	<u>\$ 98,277</u>	<u>\$ 221,220</u>	<u>\$ 214,065</u>	<u>\$ 105,432</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 346,192	\$ 16,873,418	\$ 16,877,369	\$ 342,241
Accounts Receivable	(872)		10	(882)
Summer Savings		576,942		576,942
Accrued Salaries and Wages	<u>-</u>	<u>17,182,563</u>	<u>17,182,563</u>	<u>-</u>
Total	<u>\$ 345,320</u>	<u>\$ 34,632,923</u>	<u>\$ 34,059,942</u>	<u>\$ 918,301</u>



**LONG-TERM DEBT**

**HILLSIDE BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<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, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Construction of an Addition and Improvements to the George Washington School	11/6/2015	\$ 6,750,000	11/1/2017	\$ 660,000	1.8669%	\$ 6,750,000	\$ 1,305,000	\$ 5,445,000
			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%			

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

	2008		2009		2010		2011		Fiscal Year Ended June 30, 2012		2013		2014		2015		2016		2017		
<b>Governmental Activities</b>																					
Net Investment In Capital Assets	\$	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	\$	17,697,811	
Restricted		48,462		48,522		48,532		48,639		701,721		701,829		1,862,718		2,712,518		9,618,305		4,379,528	
Unrestricted		140,642		(919,098)		(46,185)		(946,949)		(766,218)		(668,476)		(15,881,687)		(15,341,938)		(20,975,257)		(17,269,467)	
<b>Total Governmental Activities Net Position</b>	<b>\$</b>	<b>12,980,918</b>	<b>\$</b>	<b>12,335,079</b>	<b>\$</b>	<b>14,066,551</b>	<b>\$</b>	<b>12,986,627</b>	<b>\$</b>	<b>13,243,151</b>	<b>\$</b>	<b>14,943,212</b>	<b>\$</b>	<b>853,088</b>	<b>\$</b>	<b>3,981,392</b>	<b>\$</b>	<b>5,209,220</b>	<b>\$</b>	<b>4,807,872</b>	
<b>Business-Type Activities</b>																					
Net Investment In Capital Assets	\$	50,352	\$	45,508	\$	65,733	\$	52,937	\$	44,089	\$	43,664	\$	89,289	\$	89,846	\$	84,085	\$	104,728	
Unrestricted		32,656		81,006		147,240		208,359		269,127		254,564		231,149		271,420		432,511		538,824	
<b>Total Business-Type Activities Net Position</b>	<b>\$</b>	<b>83,008</b>	<b>\$</b>	<b>126,514</b>	<b>\$</b>	<b>212,973</b>	<b>\$</b>	<b>261,296</b>	<b>\$</b>	<b>313,216</b>	<b>\$</b>	<b>298,228</b>	<b>\$</b>	<b>320,438</b>	<b>\$</b>	<b>361,266</b>	<b>\$</b>	<b>516,596</b>	<b>\$</b>	<b>643,552</b>	
<b>District-Wide</b>																					
Net Investment In Capital Assets	\$	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	\$	17,802,539	
Restricted		48,462		48,522		48,532		48,639		701,721		701,829		1,862,718		2,712,518		9,618,305		4,379,528	
Unrestricted		173,298		(838,092)		101,055		(738,590)		(497,091)		(413,912)		(15,650,538)		(15,070,518)		(20,542,746)		(16,730,643)	
<b>Total District Net Position</b>	<b>\$</b>	<b>13,063,926</b>	<b>\$</b>	<b>12,461,593</b>	<b>\$</b>	<b>14,279,524</b>	<b>\$</b>	<b>13,247,923</b>	<b>\$</b>	<b>13,556,367</b>	<b>\$</b>	<b>15,241,440</b>	<b>\$</b>	<b>1,173,526</b>	<b>\$</b>	<b>4,342,658</b>	<b>\$</b>	<b>5,725,816</b>	<b>\$</b>	<b>5,451,424</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 32,057,954
Special Education	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	11,299,422
Other Instruction	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	1,845,336
School Sponsored Activities and Athletics	456,184	555,707	588,643	652,345	727,611	699,647	700,647	777,843	808,825	797,057
<b>Support Services:</b>										
Student & Instruction Related Services	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	9,424,472
Attendance And Social Work	37,088	36,586	35,234	13,958	15,914	15,010	15,603	15,664	32,058	50,038
Educational Media/School Library	480,466	524,461	924,308	842,858	808,189	864,168	882,624	935,502	1,065,095	1,124,224
School Administrative Services	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	5,036,336
General Administration	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	1,313,806
Central Services	1,199,214	1,198,319	959,747	965,077	942,254	1,325,267	1,027,351	1,183,876	1,224,377	6,237,423
Plant Operations And Maintenance	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	1,780,843
Pupil Transportation	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	1,407,913
Other Support Services										
Interest On Long-Term Debt									54,842	118,687
<b>Total Governmental Activities Expenses</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>72,493,511</b>
<b>Business-Type Activities:</b>										
Food Service	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	1,505,700
<b>Total District Expenses</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>\$ 73,999,211</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)/Rentals	\$ 177,203			\$ 140,532	\$ 131,180	\$ 705,289	\$ 657,471	\$ 295,075	\$ 274,074	\$ 73,163
Operating Grants And Contributions	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	22,827,051
Capital Grants And Contributions	-	-	181,955	-	-	32,377	77,564	1,330,010	127,027	-
<b>Total Governmental Activities Program Revenues</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>22,900,214</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	\$ 473,551	\$ 499,755	\$ 485,567	\$ 453,785	\$ 434,862	\$ 442,592	\$ 454,267	\$ 412,934	\$ 419,494	\$ 414,694
Operating Grants And Contributions	794,278	810,558	939,384	960,073	1,027,347	1,013,305	1,083,317	1,169,874	1,292,118	1,217,962
<b>Total Business Type Activities Program Revenues</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>1,632,656</b>
<b>Total District Program Revenues</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>\$ 24,532,870</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (49,593,297)
Business-Type Activities	(78,694)	(71,494)	(16,036)	13,323	51,920	(14,988)	22,210	40,828	155,330	126,956
<b>Total District-Wide Net Expense</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>	<b>\$ (49,466,341)</b>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 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	\$ 29,927,936
Unrestricted Grants And Contributions	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	19,156,699
Miscellaneous Income	762,215	767,266	702,187	695,686	711,333	159,457	100,774	149,445	110,659	107,314
Insurance Proceeds Utilized to Purchase Capital Assets						92,648	-	-	-	-
Disposition of Capital Asset, net Transfers	(135,000)	(115,000)	(37,889)	-	-	(6,165)	-	-	-	-
<b>Total Governmental Activities</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>	<b>49,191,949</b>
Business-Type Activities:										
Transfers	135,000	115,000	102,495	35,000						
<b>Total Business-Type Activities</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>-</b>
<b>Total District-Wide</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>\$ 49,191,949</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (76,807)	\$ (645,839)	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	\$ 314,845	\$ 3,128,304	\$ 1,227,828	\$ (401,348)
Business-Type Activities	56,306	43,506	86,459	48,323	51,920	(14,988)	22,210	40,828	155,330	126,956
<b>Total District</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>	<b>\$ (274,392)</b>

Source: District financial records



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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 1,268,238	\$ 1,826,770	\$ 1,243,746							
Unreserved	109,883	(1,546,365)	(319,448)							
Restricted				\$ 42,255	\$ 695,337	\$ 701,829	\$ 501,424	\$ 2,372,027	\$ 1,985,193	\$ 3,044,525
Committed				880,529						
Assigned				1,200,000	1,497,088	1,742,235	907,973	1,544,442	2,250,060	1,327,546
Unassigned	-	-	-	(1,922,560)	(1,089,306)	(1,135,984)	(1,089,951)	(1,138,929)	(1,081,973)	(1,083,490)
<b>Total General Fund</b>	<u>\$ 1,378,121</u>	<u>\$ 280,405</u>	<u>\$ 924,298</u>	<u>\$ 200,224</u>	<u>\$ 1,103,119</u>	<u>\$ 1,308,080</u>	<u>\$ 319,446</u>	<u>\$ 2,777,540</u>	<u>\$ 3,153,280</u>	<u>\$ 3,288,581</u>
<b>All Other Governmental Funds</b>										
Reserved			\$ 118,747							
Unreserved	\$ (85,939)	\$ (63,065)	(77,274)							
Restricted							\$ 1,361,294	\$ 340,491	\$ 8,049,775	\$ 1,806,140
Assigned				\$ 6,384	\$ 6,384					
Unassigned	-	-	-	(72,092)	(79,241)	\$ (103,206)	(101,565)	(95,334)	(104,681)	(94,711)
<b>Total All Other Governmental Funds</b>	<u>\$ (85,939)</u>	<u>\$ (63,065)</u>	<u>\$ 41,473</u>	<u>\$ (65,708)</u>	<u>\$ (72,857)</u>	<u>\$ (103,206)</u>	<u>\$ 1,259,729</u>	<u>\$ 245,157</u>	<u>\$ 7,945,094</u>	<u>\$ 1,711,429</u>

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,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 29,927,936
Tuition Charges	177,203	60,700	136,754	140,532	131,180	93,710	155,478	295,075	274,074	73,163
Miscellaneous	824,747	788,109	744,812	733,350	723,360	828,194	631,786	174,146	124,553	123,018
State Sources	22,582,714	23,224,589	26,194,212	23,970,549	25,283,438	27,472,900	26,997,291	28,799,996	28,499,171	29,377,556
Federal Sources	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	1,882,700
<b>Total Revenue</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>61,384,373</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	24,683,107
Special Education Instruction	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	9,438,002
Other Instruction	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	1,543,735
School Sponsored Act. & Athletics	450,178	549,089	580,852	641,874	717,003	686,889	688,135	763,972	784,925	759,243
<b>Support Services:</b>										
Student & Inst. Related Services	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	7,802,026
Attendance And Social Work	36,469	36,016	34,667	13,684	15,614	14,676	15,248	15,305	30,874	37,390
Educational Media/School Library	473,450	517,039	910,410	827,062	793,628	846,113	863,719	833,411	930,564	899,325
General Administration	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	3,911,243
School Administrative Services	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	5,979,368
Central Services and Info. Technology	1,182,846	1,182,145	945,827	947,809	926,381	966,820	831,260	1,086,019	1,095,037	1,205,633
Plant Operations And Maintenance	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	1,758,995
Pupil Transportation	1,361,262	1,438,994	1,309,384	1,218,102	1,293,255	1,317,886	1,475,021	1,535,159	1,690,104	1,195,390
Capital Outlay	1,682,495	968,074	1,454,032	557,468	123,583	2,356,852	1,007,300	2,667,359	1,379,133	6,844,378
<b>Debt Service:</b>										
Principal										1,305,000
Interest And Other Charges									45,156	119,902
<b>Total Expenditures</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>67,482,737</b>
<b>Excess (Deficiency) Of Revenues</b>										
Over (Under) Expenditures	(1,046,753)	(959,842)	850,826	(796,155)	895,746	174,612	374,301	1,443,522	1,325,677	(6,098,364)
<b>Other Financing Sources (Uses)</b>										
Lease Purchase Proceeds (Non-Budgeted)									6,750,000	
Transfers In		206,060	673,160	532,084	607,881	442,911	1,838,724	557,940	2,398,880	687,818
Transfers Out	(135,000)	(321,060)	(775,655)	(567,084)	(607,881)	(442,911)	(1,838,724)	(557,940)	(2,398,880)	(687,818)
<b>Total Other Financing Sources (Uses)</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>-</b>
<b>Net Change In Fund Balances</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>\$ (6,098,364)</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%	0.08%	2.35%

\* 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 Ended June 30,</b>	<b>Interest Earned</b>	<b>Athletic Account Receipts</b>	<b>Refunds/ Reimbursements</b>	<b>IEP Overhead Fee</b>	<b>Tuitions</b>	<b>Miscellaneous</b>	<b>Total</b>
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
2017	37,410	6,535	26,017	-	73,163	35,081	178,206

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>
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	1,709,435,733	2.937
2014	6,177,500	687,260,850			71,089,800	114,006,000	11,319,900	889,854,050		533,242	890,387,292	1,660,550,712	3.076
2015	6,466,860	686,905,400			71,131,700	113,336,500	11,319,900	889,160,360		1,713,210	890,873,570	1,745,799,948	3.201
2016	6,264,660	686,893,492			71,359,100	112,410,300	11,319,900	888,247,452		919,144	889,166,596	1,604,125,196	3.302
2017	6,407,760	687,988,442			71,533,980	112,222,800	11,319,900	889,472,882		1,004,390	890,477,272	1,672,884,487	3.361

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	<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	<u>Total Direct School Tax Rate</u>	<u>Municipality</u>	<u>County</u>	
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
2017	3.361	3.177	1.028	7.566

Source: County Abstract of Ratables

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Hillside Realty	\$ 14,450,000	1.62%		
HIC Realty Company	7,622,000	0.86%		
Vitamin Realty Associates, LLC	4,874,000	0.55%		
Wessex, Ltd.	3,937,300	0.44%		
1441 Chestnut Associates, LLC	3,743,700	0.42%		
635 Partners, LLC	3,715,300	0.42%		
AH Realty Assoc., LLC	3,196,500	0.36%		
Hillside Office Park, LLC	3,175,200	0.36%		
225 Long Avenue, LLC	2,918,200	0.33%		
Hudson Auto Realty, LLC	2,500,000	0.28%		
	<b>\$ 50,132,200</b>	<b>4.01%</b>		
			INFORMATION NOT AVAILABLE	
			<b>\$ -</b>	<b>0.00%</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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
2017	29,927,936	29,927,936	100.00%	N/A

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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	21,951	\$ 308
2017		5,445,000				5,445,000	21,951	Est. 248

Source: District financial records

Note:

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



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

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

**NOT APPLICABLE**

Source: District financial records

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

**HILLSIDE BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2017  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township	\$ 8,579,034	170,426	\$ 8,408,608
	<u>\$ 8,579,034</u>	<u>\$ 170,426</u>	<u>8,408,608</u>
Overlapping Debt Apportioned to the Municipality:			
Union County			<u>14,985,625</u>
Total Direct and Overlapping Debt			<u>\$ 23,394,233</u>

Source:

(1) Township's 2016 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2016 equalized value by the total 2016 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 2016

Equalized valuation basis	
2016	\$ 1,670,580,124
2015	1,633,585,082
2014	<u>1,614,687,080</u>
	<u>\$ 4,918,852,286</u>
	\$ 1,639,617,429
	65,584,697 <sup>a</sup>
	<u>\$ 65,584,697</u>

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 65,584,697
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 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>	<u>\$ 65,584,697</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	60,089	7.80%
2016	21,951	N/A	N/A	7.00%
2017	N/A	N/A	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information not available

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

Employer	2017		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

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

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				
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%
2017	3,106	59,213,457	19,064	3.91%	284	1:11	1:12	1:10	3,072	2,898	1.02%	94.34%

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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	775	775	775	775	775	775	775	775	775
Enrollment	837	865	612	614	688	644	653	676	642	616
<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	153	153	153	153	153	153	153	153	153
Enrollment	175	199	199	195	201	214	204	219	232	224
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	391	397	402	398	494	423	411	446	469	492
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	330	330	330	330	330	330	330	330	330
Enrollment	299	304	295	356	260	246	217	204	231	247
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									
APM Annex										
Square Feet			22,000	22,000	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)			260	260	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment			232	244	N/A	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	458	457	452	443	660	693	701	712	666	622
<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	946	909	891	880	842	798	821	826	801	871
<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, 2017										
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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>School Facilities</b>										
Calvin Coolidge	\$ 148,291	\$ 120,488	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	\$ 110,896	\$ 106,508	\$ 99,955	\$ 71,302
Hurden Looker	230,107	133,321	214,919	270,582	93,510	123,229	175,272	147,442	385,129	107,283
Walter Krumbiegel	149,841	256,800	199,412	154,350	261,164	158,858	211,894	225,878	174,119	299,243
A.P. Morris	226,631	244,489	210,424	208,478	210,750	216,231	323,440	317,806	328,626	242,858
A.P. Morris Annex			56,562	23,981	-	-	-	-	-	-
George Washington	64,324	99,843	102,855	80,205	49,114	125,710	134,777	183,004	94,550	159,861
Hillside High School	345,727	407,198	430,940	681,035	910,999	395,337	582,576	359,771	500,624	444,355
Saybrook	<u>28,578</u>	<u>25,621</u>	<u>21,813</u>	<u>12,451</u>	<u>13,992</u>	<u>39,877</u>	<u>20,029</u>	<u>37,193</u>	<u>27,955</u>	<u>17,692</u>
<b>Total School Facilities</b>	<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>	<u>1,342,594</u>
<b>Other Facilities</b>										
Stadium	2,867	6,792	14,868	2,853	9,601	8,606	4,098	164,468	28,675	8,291
Administration	<u>12,369</u>	<u>15,193</u>	<u>12,981</u>	<u>10,884</u>	<u>11,881</u>	<u>14,851</u>	<u>40,659</u>	<u>44,378</u>	<u>14,411</u>	<u>13,782</u>
<b>Total Other Facilities</b>	<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>	<u>22,073</u>
<b>Grand Total</b>	<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>	<u>\$ 1,364,667</u>

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Source: School District's Financial Statements

**HILLSIDE BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2017  
(Unaudited)**

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

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of and for the fiscal year ended June 30, 2017 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 October 5, 2017.

**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.

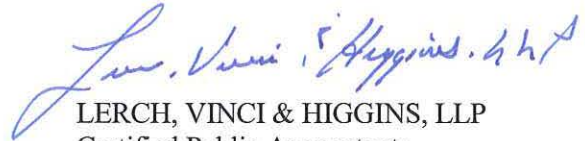
### **Compliance and Other Matters**

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 October 5, 2017.

### **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  
October 5, 2017





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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Hillside Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Hillside Board of Education's major federal and state programs for the fiscal year ended June 30, 2017. The Hillside Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Hillside Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

### **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.

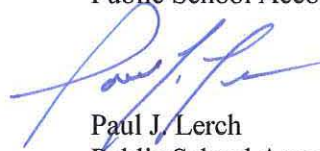
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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, 2017 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 October 5, 2017, 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  
October 5, 2017



HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	FAIN Number	Grant or State State Project Number	Grant Period	Award Amount	Balance July 1, 2016	(A/R) Carryover Amount	(Unearned Rev) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2017 (Accounts Receivable)	Unearned Revenue/	Due to Grantor	Memo GAAP Receivable
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
National School Lunch Program-Non-Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 140,261	\$ 8,014			\$ 8,014							
National School Lunch Program-Non-Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	128,206			\$ 128,206	122,312					\$ 5,894		
National School Lunch Program-Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	814,061	(159,831)		159,831								
National School Lunch Program-Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	774,033			621,708	774,033			\$ (152,325)				\$ (152,325)
After School Snack	10.558	16161NJ304N1099	N/A	7/1/15-6/30/16	29,302	(5,907)		5,907								
After School Snack	10.558	171NJ304N1099	N/A	7/1/16-6/30/17	31,526			25,417	31,526			(6,109)				(6,109)
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	293,449	(62,709)		62,709								
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	266,571			211,887	266,571			(54,684)				(54,684)
<b>Total U.S. Department of Agriculture/Food Service Fund</b>						<b>(220,433)</b>			<b>1,215,665</b>	<b>1,202,456</b>			<b>(213,118)</b>	<b>5,894</b>		<b>(213,118)</b>
<b>U.S. Department of Education passed-through State Department of Education</b>																
<b>General Fund</b>																
Special Education Medicaid Initiative (SEMI) Program	93.778		N/A	7/1/13-6/30/14	9,779	(9,779)		9,779								
Special Education Medicaid Initiative (SEMI) Program	93.778		N/A	7/1/14-6/30/15	7,482			7,482	7,482							
Special Education Medicaid Initiative (SEMI) Program	93.778	1705NJSMAP	N/A	7/1/16-6/30/17	115,565			115,565	115,565							
<b>Total General Fund</b>						<b>(9,779)</b>			<b>132,826</b>	<b>123,047</b>						
<b>Special Revenue Fund</b>																
<b>I.A.S.A. Consolidated Grant/NCLB</b>																
Title I	84.010A	S010A150030	NCLB219009	7/1/15-6/30/16	647,719	(186,734)	\$ 65,553	\$ (65,553)	\$ 186,734							
Title I	84.010A	S010A150030	NCLB219009	7/1/16-6/30/17	761,318		(65,553)	65,553	622,397	767,099		(204,474)	59,772			\$ (144,702)
Title II	84.367A	S367A150029	NCLB219009	7/1/15-6/30/16	91,754	(40,278)		58,920	40,278							
Title II	84.367A	S367A150029	NCLB219009	7/1/16-6/30/17	84,451			58,920	88,253	86,348		(55,118)	57,023			
Title III	84.365A	S365A150030	NCLB219009	7/1/15-6/30/16	64,576	(12,840)		21,049	12,840							
Title III	84.365A	S365A150030	NCLB219009	7/1/16-6/30/17	55,067			21,049	18,962	36,216		(57,154)	39,900			(17,254)
Title III, Emergency Immigrant	84.365A	S365A150030	NCLB219009	7/1/15-6/30/16	23,341	(2,130)		21,244	2,130							
Title III, Emergency Immigrant	84.365A	S365A150030	NCLB219009	7/1/16-6/30/17	9,402			21,244	4,802	4,803		(25,844)	25,843			(1)
<b>I.D.E.A. Part B</b>																
Basic Regular	84.027	H027A150100	IDEA219009	7/1/15-6/30/16	863,013	(90,271)	12,125	(12,125)	90,271							
Basic Regular	84.027	H027A150100	IDEA219009	7/1/16-6/30/17	832,118		(12,125)	12,125	709,186	842,986		(135,057)	1,257			(133,800)
Preschool	84.173	H173A150114	IDEA219009	7/1/15-6/30/16	23,086	(13,684)			13,684							
Preschool	84.173	H173A150114	IDEA219009	7/1/16-6/30/17	23,477				23,477	23,477						
<b>Total I.D.E.A. Part B Cluster</b>						<b>(103,955)</b>			<b>836,618</b>	<b>866,463</b>			<b>(135,057)</b>	<b>1,257</b>		<b>(133,800)</b>
<b>Race to the Top, Recovery Act</b>																
Race to the Top	84.413A	B413A120008		9/1/16-11/30/16	6,000				5,991	5,525					466	
<b>Total U.S. Department of Education</b>						<b>(345,937)</b>			<b>1,819,005</b>	<b>1,766,454</b>			<b>(477,647)</b>	<b>183,795</b>	<b>466</b>	<b>(295,757)</b>
<b>U.S. Department of Education Passed-through State Department 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							
<b>Total U.S. Department of Homeland Security</b>						<b>(17,632)</b>			<b>17,632</b>							
<b>Total</b>						<b>\$ (593,781)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,185,128</b>	<b>\$ 3,091,957</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (690,765)</b>	<b>\$ 189,689</b>	<b>\$ 466</b>	<b>\$ (508,875)</b>

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HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2017			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	16-495-034-5120-078	7/1/15-6/30/16	19,007,900	\$ (1,880,356)		\$ 1,880,356								*	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	19,083,433			17,183,937	\$ 19,083,433			\$ (1,899,496)				*	\$ 19,083,433
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	1,798,099	(177,978)		177,978				-				*	-
Categorical Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,827,031			1,645,135	1,827,031			(181,896)				*	1,827,031
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	210,693	(20,855)		20,855				-				*	-
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	244,325			220,000	244,325			(24,325)				*	244,325
Under Adequacy Aid	16-495-034-5120-096	7/1/15-6/30/16	6,164	(610)		610				-				*	-
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	6,164			5,550	6,164			(614)				*	6,164
Parcc Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	29,430	(2,913)		2,913				-				*	-
Parcc Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	29,430			26,500	29,430			(2,930)				*	29,430
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	29,430	(2,913)		2,913				-				*	-
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	29,430			26,500	29,430			(2,930)				*	29,430
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	30,450	-		27,419	30,450			(3,031)				*	30,450
<b>Total State Aid - Public Cluster</b>				<b>(2,085,625)</b>		<b>21,220,666</b>	<b>21,250,263</b>			<b>(2,115,222)</b>				*	<b>21,250,263</b>
Extraordinary Special Education Costs Aid	16-100-034-5120-044	7/1/15-6/30/16	710,194	(710,194)		710,194				-				*	-
Extraordinary Special Education Costs Aid	17-100-034-5120-473	7/1/16-6/30/17	752,225				752,225			(752,225)				*	752,225
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	97,953	(9,695)		9,695				-				*	-
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	110,390			99,400	110,390			(10,990)				*	110,390
TPAF Pension - Post Ret. Medical	17-495-034-5094-001	7/1/16-6/30/17	2,090,600	-		2,090,600	2,090,600			-				*	2,090,600
TPAF Pension - NCGI Premium	17-495-034-5094-006	7/1/16-6/30/17	87,730	-		87,730	87,730			-				*	87,730
TPAF Pension - Long-term Disability	17-495-034-5094-006	7/1/16-6/30/17	6,304	-		6,304	6,304			-				*	6,304
TPAF Pension - Normal Cost	17-495-034-5094-007	7/1/16-6/30/17	2,421,309	-		2,421,309	2,421,309			-				*	2,421,309
TPAF - Social Security	16-495-034-5094-003	7/1/15-6/30/16	1,692,596	(80,240)		80,240				-				*	-
TPAF - Social Security	17-495-034-5094-003	7/1/16-6/30/17	1,681,202	-		1,598,786	1,681,202			(82,416)				*	1,681,202
<b>Total General Fund</b>				<b>(2,885,754)</b>		<b>28,324,924</b>	<b>28,400,023</b>			<b>(2,960,853)</b>				*	<b>(82,416)</b>
<b>Special Revenue Fund</b>															
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	1,046,808	(104,681)		104,681								*	
Preschool Education Aid	17-495-034-5120-086	7/1/16-6/30/17	947,112			852,401	947,112			(94,711)				*	947,112
NJ STEM	17-100-034-5062-032	7/1/16-6/30/17	1,500			1,500	1,500							*	1,500
<b>New Jersey Nonpublic Aid:</b>															
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	4,283	31					\$ 31					*	-
Textbook Aid	17-100-034-5120-373	7/1/16-6/30/17	10,375			10,375	10,171				\$ 204			*	10,171
Technology Initiative Aid	16-100-034-5120-373	7/1/15-6/30/16	1,950	327					327					*	-
Technology Initiative Aid	17-100-034-5120-373	7/1/16-6/30/17	4,680			4,680	4,302					378		*	4,302
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	6,750	72					72					*	-
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	10,890			10,890	345					10,545		*	345
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	1,875	1,875					1,875					*	-
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	9,200			9,200	6,050					3,150		*	6,050
<b>Total Nonpublic Aid Cluster</b>				<b>2,305</b>		<b>35,145</b>	<b>20,868</b>		<b>2,305</b>			<b>14,277</b>		*	<b>20,868</b>
<b>Auxiliary Services:</b>															
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	10,152	4,653					4,653					*	-
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	74,082			74,082	59,839					14,243		*	59,839
Transportation	16-100-034-5120-067	7/1/15-6/30/16	1,010											*	-
Transportation	17-100-034-5120-067	7/1/16-6/30/17	1,104			1,104	1,104							*	1,104
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	863	863					863					*	-
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	822			822	822							*	822
<b>Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster</b>				<b>5,516</b>		<b>76,008</b>	<b>61,765</b>		<b>5,516</b>			<b>14,243</b>		*	<b>61,765</b>

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

HILLSIDE BOARD OF EDUCATION  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2017			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	16-100-034-5120-068	7/1/15-6/30/16	\$ 1,025	\$ 1,025					\$ 1,025					*	-
Examination and Classification	17-100-034-5120-068	7/1/16-6/30/17	9,541			\$ 9,541	\$ 9,541					\$ -		*	\$ 9,541
Corrective Speech	16-100-034-5120-068	7/1/15-6/30/16	3,344	3,344					3,344					*	-
Corrective Speech	17-100-034-5120-068	7/1/16-6/30/17	3,534			3,534						3,534		*	-
Supplemental Instruction	16-100-034-5120-068	7/1/15-6/30/16	2,228	2,228					2,228					*	-
Supplemental Instruction	17-100-034-5120-068	7/1/16-6/30/17	4,315			4,315						4,315		*	-
Total Nonpublic Handicapped Services Aid (Chapter 193) Cluster				6,597		17,390	9,541		6,597				7,849	*	9,541
<b>Total Special Revenue Fund</b>				(90,263)		1,087,125	1,040,786		14,418	\$ (94,711)			36,369	*	\$ 1,040,786
<b>State Department of Agriculture</b>															
<b>Enterprise Fund</b>															
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	16,754	(3,333)		3,333								*	-
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	15,506			12,404	15,506				(3,102)			*	\$ (3,102)
<b>Total Enterprise Fund</b>				(3,333)		15,737	15,506				(3,102)			*	15,506
<b>State of New Jersey Educational Facilities Construction and Financing</b>															
Window Replacement - Hillside High School	2190-050-14-1012	N/A	755,681	52,058							\$ 52,058			*	703,623
Hillside High School	2190-050-14-1005	N/A	299,785	(234,209)		221,454				(78,331)	65,576			*	234,209
Walter O. Krumbiegel Middle School	2190-085-14-1008	N/A	88,517	(88,517)		88,517								*	88,517
Hurden-Looker Elementary	2190-080-14-1007	N/A	313,789	(234,926)		219,722				(94,067)	78,863			*	234,926
AP Morris Early Childhood Center	2190-090-14-1009	N/A	121,962	(106,971)		101,778				(20,184)	14,991			*	106,971
George Washington Elementary School	2190-110-14-1010	N/A	177,703	(109,823)		103,940				(73,763)	67,880			*	109,823
<b>Total Capital Projects Fund</b>				(722,388)		735,411				(266,345)	279,368			*	1,478,069
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				\$ (3,701,738)	\$ -	\$ 30,163,197	29,456,315	\$ -	\$ 14,418	\$ (3,325,011)	\$ 279,368	\$ 36,369	\$ (351,863)	\$ 30,934,384	
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>															
TPAF Pension - Post Ret. Medical							2,090,600								
TPAF Pension - NCGI Premium							87,730								
TPAF Pension - Long-term Disability							6,304								
TPAF Pension - Normal Cost							2,421,309								
							4,605,943								
<b>Total for State Financial Assistance for Major Programs Determination</b>							\$ 24,850,372								

**HILLSIDE BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$72,923 for the general fund and a decrease of \$30,237 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	\$ 123,047	\$ 28,327,100	\$ 28,450,147
Special Revenue Fund	1,759,653	1,050,456	2,810,109
Food Service Fund	<u>1,202,456</u>	<u>15,506</u>	<u>1,217,962</u>
Total Financial Assistance	<u>\$ 3,085,156</u>	<u>\$ 29,393,062</u>	<u>\$ 32,478,218</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, 2017**

**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 \$1,681,202 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$2,509,039, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,090,600 and TPAF Long-Term Disability Insurance in the amount of \$6,304 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions 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, 2017**

*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>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.558</u>	<u>171NJ304N1099</u>	<u>After School Snack</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>84.010A</u>	<u>S010A150030</u>	<u>NCLB, Title I</u>

HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

State Awards Section

Type of auditors' 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  no

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u>17-495-034-5094-003</u>	<u>TPAF - Social Security</u>
<u>17-100-034-5120-473</u>	<u>Extraordinary Special Education Aid</u>

**HILLSIDE BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*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, 2017**

*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, 2017

*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, 2017**

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

**STATUS OF PRIOR YEAR FINDINGS**

Not Applicable.