

**HILLSIDE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**HILLSIDE BOARD OF EDUCATION
TABLE OF CONTENTS**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4
Food Service Fund	5
Student Body Activities/Athletic Activities	5
Application for State School Aid	6
Pupil Transportation	6
Facilities and Capital Assets	6
Schedule of Meal Count Activity	7
Net Cash Resource Schedule	8
Schedule of Audited Enrollments	9-11
Calculation of Excess Surplus	12
Recommendations	13
Acknowledgement	13



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REPORT OF INDEPENDENT AUDITORS


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

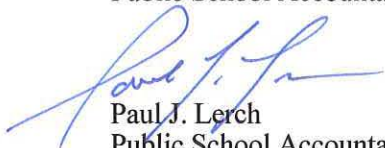
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Hillside Board of Education as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated October 5, 2017.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,


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


Paul J. Lerch
Public School Accountant
PS Number CS01118

Fair Lawn, New Jersey
October 5, 2017

**HILLSIDE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Scope of Audit

The audit covered the financial transactions of the School Business Administrator/Board Secretary and the Chief School Administrator, and the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kenneth Weinheimer	School Business Administrator/ Board Secretary	\$50,000

There is a Public Employees' Dishonesty Insurance Coverage covering all other employees with \$50,000 each person/\$500,000 per loss.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were more in certain instances and less in certain instances. The Board made adjustments to the billings to the sending districts accordingly.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any material discrepancies with respect to each of signature certification and proper itemization.

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were certified by the President of the Board and the School Business Administrator/Board Secretary and approved by the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the General Fund. The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law respecting the reporting of compensation for certain employees.

The Board has implemented and maintains a personnel tracking and accounting (Position Control) system.

**HILLSIDE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in excellent condition.

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

Bids were summarized in the minutes of the Board Secretary.

The prescribed contractual order system was followed.

The Capital Asset records were updated for the additions and disposals of capital assets made during the year.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Trust/Fiduciary Fund.

Elementary and Secondary School Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, and III, of the Elementary and Secondary Education Act.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**HILLSIDE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursements filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of expenditures charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the Department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public student transportation contracts under 18A:39-3 is currently \$18,800 the Board has appointed the Business Administrator/Board Secretary as the District's qualified purchasing agent and subsequently increased the bid threshold to \$40,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

**HILLSIDE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Food Service Fund

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$275,000. The operating results provision has been met.

The number of meals claimed for reimbursement was verified against meal count records with no exceptions noted. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications was completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Finding -- The audit disclosed that net cash revenues exceeded three months average expenditures.

Recommendation -- Steps be taken to ensure that net cash revenues do not exceed three months average expenditures.

Food Distribution Program commodities were received and a separate inventory were maintained on a first-in, first-out basis.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

Student Body Activities/Athletic Activities

The Board has a policy, which clearly established the regulation of student activity funds.

Cash receipts and disbursement records were maintained in good condition.

Supporting documentation was maintained for all cash disbursements tested.

**HILLSIDE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, related services and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified with isolated exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District had adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report minor exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

**HILLSIDE BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals/Milks Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Amount</u>
National School Lunch							
(Regular Rate)	Paid	63,813	63,813	63,813			
	Reduced	33,203	33,203	33,203			
	Free	<u>202,311</u>	<u>202,311</u>	<u>202,311</u>			
	Total Lunch	<u>299,327</u>	<u>299,327</u>	<u>299,327</u>			
National School Breakfast							
(Regular Rate)	Paid	57,380	57,380	57,380			
	Reduced	18,420	18,420	18,420			
	Free	<u>106,804</u>	<u>106,804</u>	<u>106,804</u>			
	Total Breakfast	<u>182,604</u>	<u>182,604</u>	<u>182,604</u>			
	Grand Totals	<u><u>481,931</u></u>	<u><u>481,931</u></u>	<u><u>481,931</u></u>			

**HILLSIDE BOARD OF EDUCATION
NET CASH RESOURCE SCHEDULE
COMPARISON OF NET CASH RESOURCES TO THREE
MONTHS AVERAGE EXPENDITURES
FOOD SERVICE ENTERPRISE FUND
AS OF JUNE 30, 2017**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$ 503,226
Due from Other Gov'ts	216,220
Accounts Receivable	20,113

Current Liabilities

Less:	
Accounts Payable	(207,773)
Accruals	(536)
Deferred Revenue	<u>(5,683)</u>

Net Cash Resources **\$ 525,567**

Adjusted Total Operating Expense:

Total Operating Expenses	\$ 1,505,700
Less Depreciation	<u>(14,460)</u>

Adjusted Total Operating Expense **\$ 1,491,240**

Average Monthly Operating Expense: **\$ 149,124**

Three Times Monthly Average: **\$ 447,372**

Total Net Cash Resources	\$ 525,567
Three Times Monthly Average	<u>447,372</u>

Net Cash Resources above Three Month Average Expenses **\$ 78,195**

HILLSIDE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016

	2017-18 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for		
	On Roll		On Roll		Full		On Roll		On Roll		Private		Verifi-		Sample		
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Verified	Sample	Errors	
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	155	-	155	-	-	-	155	-	155	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	185	-	185	-	-	-	185	-	185	-	-	-	-	-	-	-	-
1st Grade	196	-	196	-	-	-	196	-	196	-	-	-	-	-	-	-	-
2nd Grade	212	-	212	-	-	-	212	-	212	-	-	-	-	-	-	-	-
3rd Grade	216	-	216	-	-	-	216	-	216	-	-	-	-	-	-	-	-
4th Grade	226	-	226	-	-	-	226	-	226	-	-	-	-	-	-	-	-
5th Grade	203	-	203	-	-	-	203	-	203	-	-	-	-	-	-	-	-
6th Grade	191	-	191	-	-	-	191	-	191	-	-	-	-	-	-	-	-
7th Grade	162	-	162	-	-	-	162	-	162	-	-	-	-	-	-	-	-
8th Grade	197	-	197	-	-	-	197	-	197	-	-	-	-	-	-	-	-
9th Grade	192	-	192	-	-	-	192	-	192	-	-	-	-	-	-	-	-
10th Grade	190	-	190	-	-	-	190	-	190	-	-	-	-	-	-	-	-
11th Grade	202	8	202	8	-	-	202	8	202	8	-	-	-	-	-	-	-
12th Grade	184	13	183	13	1	-	184	13	183	13	1	-	-	-	-	-	-
Subtotal	2,711	21	2,710	21	1	-	2,711	21	2,710	21	1	-	-	-	-	-	-
Spec Ed - Elementary	166	-	166	-	-	-	30	-	30	-	-	-	8	7	7	-	-
Spec Ed - Middle School	96	-	96	-	-	-	84	-	84	-	-	-	3	3	3	-	-
Spec Ed - High School	108	4	109	4	(1)	-	108	4	109	4	(1)	-	12	10	10	-	-
Subtotal	370	4	371	4	(1)	-	222	4	223	4	(1)	-	23	20	20	-	-
Totals	3,081	25	3,081	25	-	-	2,933	25	2,933	25	-	-	23	20	20	-	-
Percentage Error					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>

**HILLSIDE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	Low Income			Sample for Verification			LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	128	128	-	7	7	-	15	15	-	4	4	-
1st Grade	132	132	-	7	7	-	11	11	-	3	3	-
2nd Grade	149	149	-	8	8	-	13	13	-	4	4	-
3rd Grade	152	152	-	8	8	-	9	9	-	3	3	-
4th Grade	156	156	-	8	8	-	5	6	(1)	2	2	-
5th Grade	151	151	-	8	8	-	4	4	-	1	1	-
6th Grade	131	131	-	7	7	-	3	3	-	1	1	-
7th Grade	114	114	-	6	6	-	4	4	-	1	1	-
8th Grade	138	138	-	7	7	-	2	2	-	1	1	-
9th Grade	129	129	-	7	7	-	7	7	-	2	2	-
10th Grade	120	120	-	6	6	-	2	2	-	1	1	-
11th Grade	145	145	-	8	8	-	9	9	-	3	3	-
12th Grade	118	118	-	6	6	-	3	3	-	1	1	-
Subtotal	1,763	1,763	-	93	93	-	87	88	(1)	27	27	-
Spec Ed - Elementary	125	125	-	7	7	-	14	14	-	4	4	-
Spec Ed - Middle School	69	69	-	4	4	-	1	1	-	1	1	-
Spec Ed - High School	75	75	-	4	4	-	-	-	-	-	-	-
Subtotal	269	269	-	15	15	-	15	15	-	5	5	-
Totals	2,032	2,032	-	108	108	-	102	103	(1)	32	32	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>-0.98%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	224	224	-	38	37	1
Transported - Non-Public			-	-	-	-
Regular - Spec.	33	33	-	5	5	-
Special Needs - Public	99	99	-	17	17	-
Totals	356	356	-	60	59	1
			<u>0.00%</u>			<u>1.67%</u>

**HILLSIDE BOARD OF EDUCATION
A.S.S.A.
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Preschool (3 Yrs)	-	-	-	-	-	-
Full Day Preschool (3 Yrs)	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	10	10	-	3	3	-
1st Grade	5	5	-	1	1	-
2nd Grade	9	9	-	2	2	-
3rd Grade	4	4	-	1	1	-
4th Grade	3	3	-	1	1	-
5th Grade	-	-	-	-	-	-
6th Grade	3	3	-	1	1	-
7th Grade	4	4	-	1	1	-
8th Grade	5	5	-	1	1	-
9th Grade	7	7	-	2	2	-
10th Grade	9	9	-	3	3	-
11th Grade	3	3	-	1	1	-
12th Grade	2	2	-	1	1	-
Subtotal	64	64	-	18	18	-
Spec Ed - Elementary	2	2	-	1	1	-
Spec Ed - Middle School	1	1	-	1	1	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	3	3	-	2	2	-
Totals	67	67	-	20	20	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

**HILLSIDE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

2016-2017 Total General Fund Expenditures per the CAFR	\$57,737,712	
Increased by:		
Transfer to Special Revenue Fund	\$680,018	
Transfer for Capital Reserve and Capital Projects Fund	<u>5,529</u>	
	<u>685,547</u>	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>6,287,145</u>	
Adjusted 2016-2017 General Fund Expenditures	<u>\$52,136,114</u>	
2% of Adjusted 2016-2017 General Fund Expenditures	\$ 1,042,722	
Increased by: Allowable Adjustment	<u>752,225</u>	
Maximum Unassigned Fund Balance		<u>\$1,794,947</u>
Total General Fund – Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$6,167,018	
Decreased by:		
Assigned for Encumbrances	1,120,696	
Restricted Fund Balances-Capital Reserve	2,573,388	
Designated for Subsequent Years Expenditures	<u>623,513</u>	
Total Unassigned Fund Balance for Excess Surplus Calculation		<u>\$1,849,421</u>
Restricted Excess Surplus		<u>\$54,474</u>
<u>Detail of Allowable Adjustments</u>		
Extraordinary Aid		<u>\$752,225</u>
<u>Detail of Restricted Fund Balances</u>		
Capital Reserve		\$ 1,439,141
Capital Reserve – Designated for Subsequent Year’s Expenditures		<u>1,134,247</u>
		<u>\$ 2,573,388</u>

**HILLSIDE BOARD OF EDUCATION
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. School Food Services

It is recommended that steps be taken to ensure that net cash revenues do not exceed three months average expenditures.

V. Student Body Activities/Athletic Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Transportation

There are none.

VIII. Facilities and Capital Assets

There are none.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

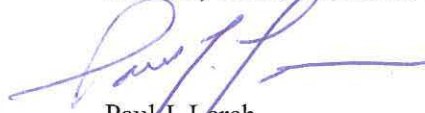
A review was performed on all prior years' recommendations and corrective action was taken on all.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Paul J. Lerch
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