

HILLSIDE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Hillside, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Hillside Board of Education

Hillside, New Jersey

For The Fiscal Year Ended June 30, 2014

Prepared by

Business Office

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INTRODUCTORY SECTION



**BOARD OF EDUCATION
TOWNSHIP OF HILLSIDE**

195 Virginia Street
Hillside, New Jersey 07205
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kweinheimer@hillsidek12.org

Kenneth R. Weinheimer
Business Administrator/Board Secretary

November 14, 2014

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, 2014 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, 2014, the data presented in this report is accurate in all material respects and is reported in a manner designed to present the financial position and results of operations of the various funds of the District. Disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

REPORTING ENTITY AND ITS SERVICES: The Hillside School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included. The district provides a full range of services appropriate to grade levels Pre-Kindergarten through Grade 12. There is also a Special Education Preschool Handicap program. District services are provided to

regular, vocational and special education students. The following details the changes in the student enrollment of the Hillside Public Schools over the last ten years.

REPORTING ENTITY AND ITS SERVICES (Continued)

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Percentage</u>
2013-14	3,038	2,834	93.41%
2012-13	3,018	2,812	93.5
2011-12	3,105	2,906	92.3
2010-11	3,123	2,906	93.5
2009-10	3,140	2,914	93.5
2008-09	3,131	2,933	93.9
2007-08	3,115	2,976	95.5
2006-07	3,175	2,996	94.4
2005-06	3,304	2,969	89.9
2004-05	3,365	3,031	90.0

ECONOMIC CONDITION AND OUTLOOK

The Township of Hillside is a community with a mixed economy and changing industrial and housing trends. The Hillside Chamber of Commerce represents the businesses and services in the Township. The population of the Township continues to change. A turnover in housing brings in new families with children. The student population is presently (September 30, 2014) 3,090.

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

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

Funds from 2013-14 continued to be used for improvement to facilities. Along with a grant from the State of New Jersey (ROV IV) work is underway to build secure vestibules at the main entrances to the schools. Window curtain walls are being replaced with new systems at the high school in the "new wing" and the physical education department. Additional window replacement at AP Morris and Hurden Looker, concrete walkway replacement at the high school, Hurden Looker, Calvin Coolidge and AP Morris has been completed. Painting of the Hurden Looker gymnasium and the completion of interior classroom door replacements at Walter O. Krumbiegel Middle School was also a part of the 2013-14 budget.

The annual operating budget increased for the 2013-14 year within the two (2) percent limit established by the State of New Jersey and therefore did not require a public vote in 2013.

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

DEMOGRAPHICS OF STUDENT POPULATION

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

MAJOR INITIATIVES:

During the 2013-2014 school year, students in Hillside continued to benefit from a number of educational initiatives undertaken to raise student achievement. Many of these initiatives were implemented to support a more rigorous instructional program. Tutoring and extended day programs were increased and additional teaching staff were employed to afford more direct instruction for students. Ongoing professional development, always a component of new instructional initiatives, was provided to ensure success in these efforts. Specifically, emphasis on preparing teachers and students for the 2014-2015 state mandated PARCC testing is an on-going initiative for the 2013-2014 and 2014-15 school years.

Math and Science education, Grades K – 12: The district continues to participate in a partnership with neighboring school districts to support teachers and administrators in the areas of improving science instruction. Through the Leadership Academy for Science Instruction, participants gain a deeper understanding the nuances of science teaching and learning and work to build a shared vision of effective science instruction and its impact on student performance. New mathematics textbooks were purchased for the 2014-2015 school year to ensure that the Core Curriculum State Standards are implemented in the Hillside Schools.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. These amounts to be re-appropriated are reported as reservations of fund balances at June 30, 2014.

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

DEBT ADMINISTRATION: At June 30, 2014, the District had no outstanding long-term debt or capital leases.

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

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

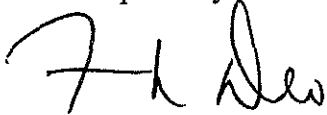
OTHER INFORMATION:

INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The board selected the independent firm of Lerch, Vinci & Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements is included in the financial section of this report.

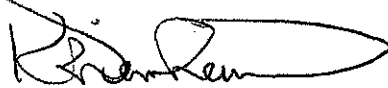
ACKNOWLEDGEMENTS:

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

Respectfully submitted,

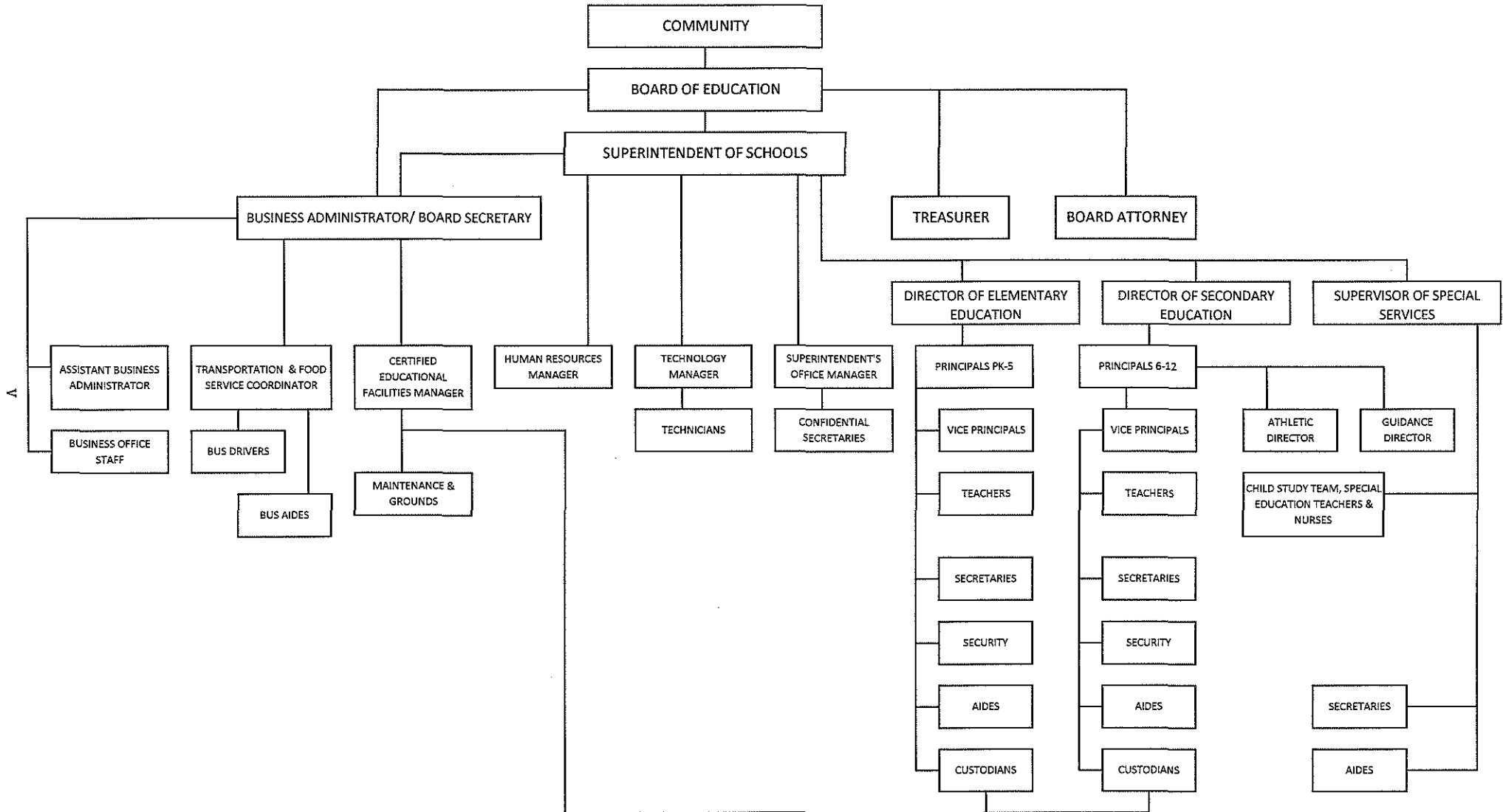


Dr. Frank Deo
Superintendent of Schools



Kenneth R. Weinheimer
Business Administrator/Board Secretary

**ORGANIZATION OF PERSONNEL AND REPORTING RESPONSIBILITIES
HILLSIDE PUBLIC SCHOOLS**



**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2014**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
George Cook, III, President	2016
Angela Menza, Vice President	2015
Christopher James	2016
Calvin Lofton	2015
Nancy Mondella	2016
Natalie Scott	2014
Beverly A. Powell	2015
Rayba Watson	2014
Nathalie E. Yafet	2014

Other Officials

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

**HILLSIDE SCHOOL DISTRICT
HILLSIDE, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2014**

ATTORNEY

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

AUDIT FIRM

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

OFFICIAL DEPOSITORY

Investors Bank

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA
VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

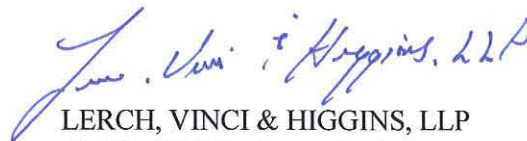
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hillside Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Hillside Board of Education.

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

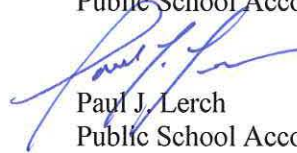
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2014 on our consideration of the Hillside Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Hillside Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 14, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

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, 2014. 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 2014 are as follows:

- District-Wide - Overall revenues were \$57,910,773. General revenues accounted for \$45,750,295 or 79 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12,160,478 or 21 percent of total revenues of \$57,910,773.
- District-Wide - The School District had \$57,573,718 in expenses; only \$12,160,478 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$45,750,295 were adequate to provide for these programs.
- Fund Financials – As of the close of the current fiscal year, the Hillside Board of Education's governmental funds reported combined ending fund balances of \$1,579,175, an increase of \$374,301 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2014, unassigned fund balance for the General Fund was \$(1,089,951), a decrease of \$46,033.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

HILLSIDE BOARD OF EDUCATION HILLSIDE, NEW JERSEY

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

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

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

District-wide Statements

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

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

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 2014 and 2013 which for 2014 and 2013 were \$15,578,495 and \$15,241,440, respectively (see Table A-2).

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Table A-1
Statement of Net Position
As of June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 4,749,248	\$ 3,041,504	\$ 321,450	\$ 323,815	\$ 5,070,698	\$ 3,365,319
Capital Assets	<u>14,872,057</u>	<u>14,909,859</u>	<u>89,289</u>	<u>43,664</u>	<u>14,961,346</u>	<u>14,953,523</u>
Total Assets	<u>19,621,305</u>	<u>17,951,363</u>	<u>410,739</u>	<u>367,479</u>	<u>20,032,044</u>	<u>18,318,842</u>
Current Liabilities	3,170,073	1,836,630	87,379	66,126	3,257,452	1,902,756
Non-Current Liabilities	<u>1,193,175</u>	<u>1,171,521</u>	<u>-</u>	<u>-</u>	<u>1,193,175</u>	<u>1,171,521</u>
Total Liabilities	<u>4,363,248</u>	<u>3,008,151</u>	<u>87,379</u>	<u>66,126</u>	<u>4,450,627</u>	<u>3,074,277</u>
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>2,922</u>	<u>3,125</u>	<u>2,922</u>	<u>3,125</u>
Total Liabilities and Deferred Inflow of Resources	<u>4,363,248</u>	<u>3,008,151</u>	<u>90,301</u>	<u>69,251</u>	<u>4,453,549</u>	<u>3,077,402</u>
Net Position:						
Net Investment in capital assets	14,872,057	14,909,859	89,289	43,664	14,961,346	14,953,523
Restricted	1,862,718	701,829	-	-	1,862,718	701,829
Unrestricted	<u>(1,476,718)</u>	<u>(668,476)</u>	<u>231,149</u>	<u>254,564</u>	<u>(1,245,569)</u>	<u>(413,912)</u>
Total Net Position	<u>\$ 15,258,057</u>	<u>\$ 14,943,212</u>	<u>\$ 320,438</u>	<u>\$ 298,228</u>	<u>\$ 15,578,495</u>	<u>\$ 15,241,440</u>

Governmental activities. Governmental activities increased the District's net position by \$314,845. Key elements of this increase are as follows: (see Table A-2)

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program Revenues						
Charges for Services	\$ 657,471	\$ 705,289	\$ 454,267	\$ 442,592	\$ 1,111,738	\$ 1,147,881
Operating Grants and Contributions	9,965,423	10,955,632	1,083,317	1,013,305	11,048,740	11,968,937
General Revenues						
Property Taxes	26,561,400	26,040,588			26,561,400	26,040,588
State and Federal Aid - Unrestricted	19,010,557	18,495,504			19,010,557	18,495,504
Capital Grants & Contrinbutions	77,564	32,377			77,564	32,377
Other	100,774	245,940	-	-	100,774	245,940
Total Revenues	<u>56,373,189</u>	<u>56,475,330</u>	<u>1,537,584</u>	<u>1,455,897</u>	<u>57,910,773</u>	<u>57,931,227</u>
Expenses						
Instruction						
Regular	22,919,477	23,050,123			22,919,477	23,050,123
Special Education	9,982,041	9,299,964			9,982,041	9,299,964
Other Instruction	1,599,474	1,509,337			1,599,474	1,509,337
School Sponsored Activities and Ath.	700,647	699,647			700,647	699,647
Support Services						
Student and Instruction Related Serv.	6,574,029	6,626,499			6,574,029	6,626,499
Attendance and Social Work	15,603	15,010			15,603	15,010
Educational Media/School Library	882,624	864,168			882,624	864,168
General Administrative Services	1,020,964	1,095,179			1,020,964	1,095,179
School Administrative Services	3,628,876	3,559,103			3,628,876	3,559,103
Plant Operations and Maintenance	6,224,513	5,744,786			6,224,513	5,744,786
Pupil Transportation	1,482,745	1,325,267			1,482,745	1,325,267
Central Services and Info. Technology	1,027,351	986,186			1,027,351	986,186
Food Services	-	-	1,515,374	1,470,885	1,515,374	1,470,885
Total Expenses	<u>56,058,344</u>	<u>54,775,269</u>	<u>1,515,374</u>	<u>1,470,885</u>	<u>57,573,718</u>	<u>56,246,154</u>
 Change in Net Position	 314,845	 1,700,061	 22,210	 (14,988)	 337,055	 1,685,073
Net Position, Beginning of Year	<u>14,943,212</u>	<u>13,243,151</u>	<u>298,228</u>	<u>313,216</u>	<u>15,241,440</u>	<u>13,556,367</u>
Net Position, End of Year	<u>\$ 15,258,057</u>	<u>\$ 14,943,212</u>	<u>\$ 320,438</u>	<u>\$ 298,228</u>	<u>\$ 15,578,495</u>	<u>\$ 15,241,440</u>

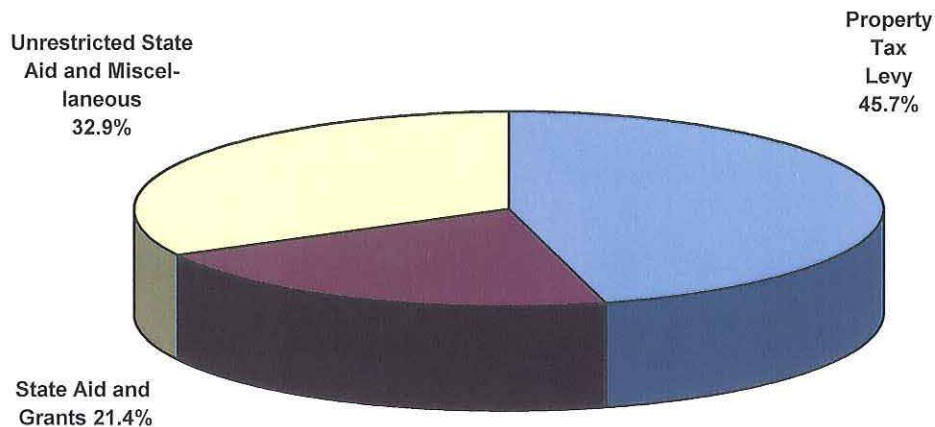
**HILLSIDE BOARD OF EDUCATION
HILLSIDE, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

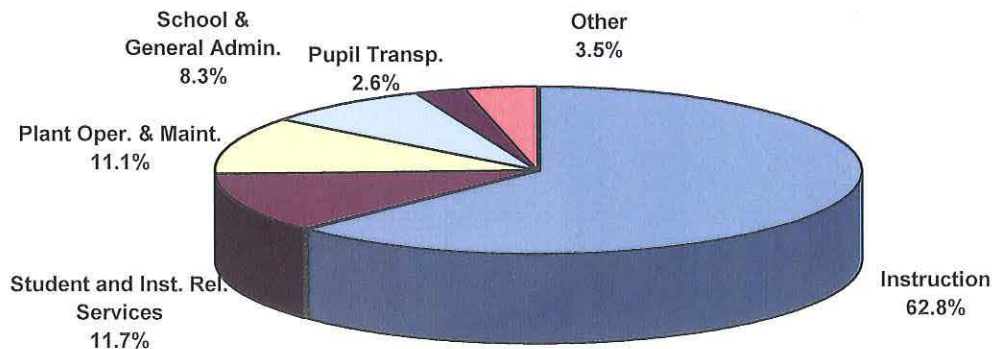
Governmental activities. The District's total governmental revenues were \$56,373,189. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$45,750,295, or 82% of total revenues. Funding from tuition, rentals, state and federal sources and capital grants and contributions amounted to \$10,622,894 or 18%. (See Table A-2).

The District's governmental expenses were predominantly related to instruction and support services. Instruction totaled \$35,201,639 (63%), student support services totaled \$20,856,705 (37%). (See Table A-2.)

Revenues by Source- Governmental Activities
For Fiscal Year 2014



Expenditures by Type- Governmental Activities
For Fiscal Year 2014



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2014 and 2013**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Governmental Activities				
Instruction				
Regular	\$ 22,919,477	\$ 23,050,123	\$ 19,772,966	\$ 19,540,404
Special Education	9,982,041	9,299,964	6,100,713	4,898,238
Other Instruction	1,599,474	1,509,337	743,713	735,369
School Sponsored Activities and Athletics	700,647	699,647	700,647	699,647
Support Services				
Student and Instruction Related Svcs.	6,574,029	6,626,499	5,126,247	4,971,942
Attendance and Social Work	15,603	15,010	15,603	15,010
Educational Media/School Library	882,624	864,168	821,939	793,814
General Administrative Services	1,020,964	1,095,179	986,573	1,033,258
School Administrative Services	3,628,876	3,559,103	3,283,269	3,167,971
Plant Operations and Maintenance	6,224,513	5,744,786	5,450,302	5,087,345
Pupil Transportation	1,482,745	1,325,267	1,384,377	1,217,946
Central Services	1,027,351	986,186	971,537	921,027
Total Governmental Activities	<u>\$ 56,058,344</u>	<u>\$ 54,775,269</u>	<u>\$ 45,357,886</u>	<u>\$ 43,081,971</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2014 was \$1,515,374. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a net gain of \$22,210.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,579,175. At June 30, 2013, the fund balance was \$1,204,874.

The District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$56,373,189 and expenditures were \$55,998,888.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2014 and 2013.

Revenues

	<u>Years Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>
Local Sources	\$ 27,348,664	\$ 26,962,492	\$ 386,172	1.43%
State Sources	26,997,291	27,472,900	(475,609)	-1.73%
Federal Sources	<u>2,027,234</u>	<u>1,953,455</u>	<u>73,779</u>	3.78%
Total Revenues	<u>\$ 56,373,189</u>	<u>\$ 56,388,847</u>	<u>\$ (15,658)</u>	-0.03%

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

The following schedule represents a summary of general fund and special revenue fund expenditures for the fiscal years ended June 30, 2014 and 2013.

Expenditures

	<u>Years Ended</u>		<u>Amount of</u>	<u>Amount of</u>
	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Change</u>
Current				
Instruction	\$ 34,643,412	\$ 33,963,563	\$ 679,849	2.00%
Undistributed Expenditures	20,524,216	19,893,820	630,396	3.17%
Capital Outlay	<u>831,260</u>	<u>2,356,852</u>	<u>(1,525,592)</u>	-64.73%
Total Expenditures	<u>\$ 55,998,888</u>	<u>\$ 56,214,235</u>	<u>\$ (215,347)</u>	-0.38%

Budgeting Highlights

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

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

- The ongoing operation of the program run by Innovative Education Programs, LLC, now known as "The Hillside Academy", provides special education services to both in-district and out-of-district tuition students has reaped for the district a combined positive inflow of cash and cost savings of approximately \$614,747 for the 12-month program in 2013-14. This endeavor has allowed the district to provide education for more students in-district - in the least restrictive environment - while reducing the tax burden and directing more financial resources into the classroom.
- Once again, the district secured e-rate (Universal Services Fund monies) funding resulting in a total of \$236,437 of offsetting revenues to support basic telecommunications and new technology resources, as applicable.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

Capital Assets. At the end of the fiscal years 2014 and 2013, the school district had invested in buildings, furniture, machinery and equipment as stated in Table A-5 as follows:

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

	<u>2014</u>	<u>2013</u>
Construction in Progress	\$ 159,240	\$ 27,908
Buildings and Building Improvements	20,972,520	20,464,897
Machinery and Equipment	<u>4,678,896</u>	<u>4,486,591</u>
 Total	 25,810,656	 24,979,396
 Less: Accumulated Depreciation	 <u>10,938,599</u>	 <u>10,069,537</u>
 Total	 <u>\$ 14,872,057</u>	 <u>\$ 14,909,859</u>

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

Debt Administration. As of June 30, 2014 and 2013 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>2014</u>	<u>2013</u>
Compensated Absences Payable	\$ <u>1,193,175</u>	\$ <u>1,171,521</u>
 Total	 <u>\$ 1,193,175</u>	 <u>\$ 1,171,521</u>

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The use of concise and accurate information continues to be a framework for developing a thoroughly-considered budget. Despite a history of defeated budgets the overall financial condition of the District has continued to improve in the past decade. (Note that the Board of Education changed the budget vote to November and for the 2013-14 budget but stayed within the 2% tax cap allowed by the State of New Jersey which resulted in no required public vote.) This improvement in the overall financial condition has been due to the sustained diligent review and responsible management of the financial resources of district administration. The District constantly reevaluates its finances in order to address instructional and facility maintenance and improvement needs while responding to the local, state and national economic pressures.

For the 2013-14 year, in the category of capital reserve, the board deposited \$400,000 and subsequently withdrew \$600,513 in order to provide the local share for five (5) capital projects funded at 54% through the Schools Development Authority.

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

With funds from the 2013-14 fiscal year we continued to upgrade a number of areas in and around the schools. These included extensive concrete walkway replacements, improvements to the Woodfield Stadium bleachers, window replacement, , ceramic floor tile encapsulation, and parking lot paving.

Significant concerns remain regarding facilities that have long been neglected due to numerous budget defeats and resulting financial limitations. A major initiative of the board in 2013-14 was to construction security vestibules at all the schools and replace aging exterior doors to make the buildings more secure. Another project was replacement of a curtain (window) wall system at Hillside High School that will improve the learning environment by "keeping the elements" (wind and rain) out of the building while providing cost-savings with updated insulated systems. The vestibules, doors and window systems are, with the exception of Calvin Coolidge School, state-funded through ROD IV grants.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Kenneth R. Weinheimer,
Business Administrator/Board Secretary
Hillside Board of Education
195 Virginia Street
Hillside, NJ 07205

Telephone: 908-352-7664, ext. 6428
Fax: 908-282-5830

BASIC FINANCIAL STATEMENTS

**HILLSIDE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,279,765	\$ 91,642	\$ 2,371,407
Receivables, net			
Receivables from Other Governments	2,462,143	204,686	2,666,829
Other	7,340	12,397	19,737
Inventory		12,725	12,725
Capital Assets, net:			
Not Being Depreciated	159,240		159,240
Being Depreciated	<u>14,712,817</u>	<u>89,289</u>	<u>14,802,106</u>
Total Assets	<u>19,621,305</u>	<u>410,739</u>	<u>20,032,044</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,187,761	83,686	1,271,447
Unearned Revenue	1,982,312	3,693	1,986,005
Noncurrent Liabilities			
Due beyond one year	<u>1,193,175</u>	<u>-</u>	<u>1,193,175</u>
Total Liabilities	<u>4,363,248</u>	<u>87,379</u>	<u>4,450,627</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>2,922</u>	<u>2,922</u>
Total Liabilities and Deferred Inflow of Resources	<u>4,363,248</u>	<u>90,301</u>	<u>4,453,549</u>
NET POSITION			
Net Investment in Capital Assets	14,872,057	89,289	14,961,346
Restricted for:			
Capital Projects	1,862,718		1,862,718
Unrestricted	<u>(1,476,718)</u>	<u>231,149</u>	<u>(1,245,569)</u>
Total Net Position	<u>\$ 15,258,057</u>	<u>\$ 320,438</u>	<u>\$15,578,495</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, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 22,919,477		\$ 3,131,843	\$ 14,668	\$ (19,772,966)		\$ (19,772,966)
Special Education	9,982,041	\$ 155,478	3,725,850		(6,100,713)		(6,100,713)
Other Instruction	1,599,474		855,761		(743,713)		(743,713)
School Sponsored Activities and Athletics	700,647		-		(700,647)		(700,647)
Support Services:							
Student & Instruction Related Services	6,574,029	-	1,447,782		(5,126,247)		(5,126,247)
Attendance and Social Work	15,603		-		(15,603)		(15,603)
Educational Media/School Library	882,624		60,685		(821,939)		(821,939)
School Administrative Services	3,628,876		345,607		(3,283,269)		(3,283,269)
General Administrative Services	1,020,964	-	34,391		(986,573)		(986,573)
Plant Operations and Maintenance	6,224,513	501,993	209,322	62,896	(5,450,302)		(5,450,302)
Pupil Transportation	1,482,745	-	98,368		(1,384,377)		(1,384,377)
Central Services and Information Technology	1,027,351	-	55,814	-	(971,537)	-	(971,537)
Total Governmental Activities	56,058,344	657,471	9,965,423	77,564	(45,357,886)	-	(45,357,886)
Business-Type Activities:							
Food Service	1,515,374	454,267	1,083,317	-	-	\$ 22,210	22,210
Total Business-Type Activities	1,515,374	454,267	1,083,317	-	-	22,210	22,210
Total Primary Government	\$ 57,573,718	\$ 1,111,738	\$ 11,048,740	\$ 77,564	(45,357,886)	22,210	(45,335,676)
General Revenues:							
Property Taxes, levied for general purposes, net					26,561,400		26,561,400
State and Federal Aid - Unrestricted					19,010,557		19,010,557
Miscellaneous Income					100,774	-	100,774
Total General Revenues					45,672,731	-	45,672,731
Change in Net Position					314,845	22,210	337,055
Net Position—Beginning of Year					14,943,212	298,228	15,241,440
Net Position—End of Year					\$ 15,258,057	\$ 320,438	\$ 15,578,495

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, 2014**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 981,367		\$ 1,298,398	\$ 2,279,765
Receivables From Other Governments	106,009	\$ 598,697	1,757,437	2,462,143
Due from Other Funds	108,305			108,305
Other Receivables	<u>7,340</u>	<u>-</u>	<u>-</u>	<u>7,340</u>
Total Assets	<u>\$ 1,203,021</u>	<u>\$ 598,697</u>	<u>\$ 3,055,835</u>	<u>\$ 4,857,553</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 883,575	\$ 154,104		\$ 1,037,679
Due to Other Funds		108,305		108,305
Intergovernmental Accounts Payable		150,082		150,082
Deferred Revenue	<u>-</u>	<u>287,771</u>	<u>\$ 1,694,541</u>	<u>1,982,312</u>
Total Liabilities	<u>883,575</u>	<u>700,262</u>	<u>1,694,541</u>	<u>3,278,378</u>
Fund Balances:				
Restricted				
Capital Reserve	501,424			501,424
Capital Projects			1,361,294	1,361,294
Assigned				
Encumbrances	907,973		-	907,973
Unassigned				-
General Fund	(1,089,951)			(1,089,951)
Special Revenue Fund	<u>-</u>	<u>(101,565)</u>	<u>-</u>	<u>(101,565)</u>
Total Fund Balances (Deficit)	<u>319,446</u>	<u>(101,565)</u>	<u>1,361,294</u>	<u>1,579,175</u>
Total Liabilities and Fund Balances	<u>\$ 1,203,021</u>	<u>\$ 598,697</u>	<u>\$ 3,055,835</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,810,656 and the accumulated depreciation is \$ 10,938,599.

14,872,057

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

Compensated Absences

(1,193,175)

Net position of governmental activities (Exhibit A-1)

\$ 15,258,057

HILLSIDE BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Property Tax Levy	\$ 26,561,400			\$ 26,561,400
Tuition	155,478			155,478
Miscellaneous	602,767	\$ 29,019	-	631,786
Total - Local Sources	27,319,645	29,019	-	27,348,664
State Sources	25,878,392	1,056,003	\$ 62,896	26,997,291
Federal Sources	66,880	1,960,354	-	2,027,234
Total Revenues	53,264,917	3,045,376	62,896	56,373,189
EXPENDITURES				
Current:				
Regular Instruction	21,503,561	967,252		22,470,813
Special Education Instruction	9,083,671	815,876		9,899,547
Other Instruction	818,726	766,191		1,584,917
School Sponsored Activities and Athletics	688,135			688,135
Support Services and Undistributed Costs:				
Student & Instruction Related Services	5,600,485	862,834		6,463,319
Attendance and Social Work	15,248			15,248
Educational Media/School Library	863,719			863,719
School Administrative Services	3,554,869			3,554,869
General Administrative Services	1,008,878			1,008,878
Plant Operations and Maintenance	6,135,862			6,135,862
Pupil Transportation	1,475,021			1,475,021
Central Services and Information Technology	1,007,300			1,007,300
Capital Outlay	659,352	14,668	157,240	831,260
Total Expenditures	52,414,827	3,426,821	157,240	55,998,888
Excess (Deficiency) of Revenues Over (Under) Expenditures	850,090	(381,445)	(94,344)	374,301
OTHER FINANCING SOURCES (USES)				
Transfers In	-	383,086	1,455,638	1,838,724
Transfers Out	(1,838,724)	-	-	(1,838,724)
Total Other Financing Sources and (Uses)	(1,838,724)	383,086	1,455,638	-
Net Change in Fund Balances	(988,634)	1,641	1,361,294	374,301
Fund Balance , Beginning of Year	1,308,080	(103,206)	-	1,204,874
Fund Balance, End of Year	\$ 319,446	\$ (101,565)	\$ 1,361,294	\$ 1,579,175

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, 2014**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 374,301**

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 depreciation exceeds capital outlay.

Capital Outlay	\$	831,260	
Depreciation Expense		<u>(869,062)</u>	(37,802)

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

Compensated Absences		<u>(21,654)</u>	
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Change in net position of governmental activities (Exhibit A-2) **\$ 314,845**

**HILLSIDE BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
ASSETS	
Current Assets	
Cash	\$ 91,642
Intergovernmental Receivable	
State	4,478
Federal	200,208
Other Accounts Receivable	12,397
Inventories	<u>12,725</u>
Total Current Assets	<u>321,450</u>
Capital Assets	
Equipment	417,491
Less: Accumulated Depreciation	<u>(328,202)</u>
Total Capital Assets, Net	<u>89,289</u>
Total Assets	<u>410,739</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	83,686
Unearned Revenue	<u>3,693</u>
Total Current Liabilities	<u>87,379</u>
DEFERRED INFLOW OF RESOURCES	
Deferred Commodities Revenue	<u>2,922</u>
Total Liabilities and Deferred Inflow of Resources	<u>90,301</u>
NET POSITION	
Investment in Capital Assets	89,289
Unrestricted	<u>231,149</u>
Total Net Position	<u>\$ 320,438</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, 2014**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 392,784
Special Functions	61,285
Miscellaneous	<u>198</u>
Total Operating Revenues	<u>454,267</u>
OPERATING EXPENSES	
Salaries and Employee Benefits	597,825
Cost of Sales	820,458
Depreciation	12,647
Other Purchased Services	9,178
Supplies and Materials	<u>75,267</u>
Total Operating Expenses	<u>1,515,375</u>
Operating (Loss)	<u>(1,061,108)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	17,324
Federal Sources	
School Breakfast Program	151,677
National School Lunch Program	875,518
After School Snack Program	<u>38,799</u>
Total Nonoperating Revenues	<u>1,083,318</u>
Change in Net Position	22,210
Total Net Position - Beginning of Year	<u>298,228</u>
Total Net Position - End of Year	<u>\$ 320,438</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, 2014**

	Business-Type Activities Enterprise Fund <u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 447,484
Cash Payments for Employees' Salaries and Benefits	(597,825)
Cash Payments to Suppliers for Goods and Services	<u>(757,468)</u>
Net Cash (Used) by Operating Activities	<u>(907,809)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>829,191</u>
Net Cash Provided by Noncapital Financing Activities	<u>829,191</u>
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	<u>(58,272)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(58,272)</u>
Net Increase in Cash and Cash Equivalents	(136,890)
Cash and Cash Equivalents, Beginning of Year	<u>228,532</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 91,642</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating (Loss)	\$ (1,061,108)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	12,647
Non Cash Federal Assistance-Food Distribution Program	125,208
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	19,916
Increase/(Decrease) in Deferred Commodities Revenue	1,133
(Increase)/Decrease in Accounts Receivable	(6,783)
(Increase)/Decrease in Inventory	<u>1,178</u>
Total Adjustments	<u>153,299</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (907,809)</u></u>
Non-Cash Investing, Capital and Financing Activities	
Value Received for Food Distribution Program	\$ 125,005

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, 2014**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 316,732	\$ 2,777	\$ 353,280
Total Assets	<u>316,732</u>	<u>2,777</u>	<u>\$ 353,280</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 265,595
Intergovernmental Accounts Payable	21,692		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>87,685</u>
Total Liabilities	<u>21,692</u>	<u>-</u>	<u>\$ 353,280</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 295,040</u>	<u>\$ 2,777</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, 2014**

	<u>Unemployment Trust Fund</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions		
Donations		\$ 200
District	\$ 50,000	
Employee	<u>44,702</u>	<u>-</u>
Investment Earnings		
Interest	<u>-</u>	<u>1</u>
Total Additions	<u>94,702</u>	<u>201</u>
DEDUCTIONS		
Unemployment Claims	<u>106,778</u>	<u>-</u>
Total Deductions	<u>106,778</u>	<u>-</u>
Change in Net Position	(12,076)	201
Net Position, Beginning of Year	<u>307,116</u>	<u>2,576</u>
Net Position, End of Year	<u>\$ 295,040</u>	<u>\$ 2,777</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 2014, the District adopted the following GASB statement:

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

- GASB 68, *Accounting and financial Reporting for Pensions*, will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 69, *Government Combinations and Disposals of Government Operations* will be effective beginning with the fiscal year ending June 30, 2015. The objective of this Statement is to establish accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). The Statement also provides guidance on how to determine the gain or loss on a disposal of government operations. This Statement applies to all state and local governmental entities. The District does not expect this statement to impact its financial statements.

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.

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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 have been reclassified in order to be consistent with the current year's presentation.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

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

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

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

7. Long-Term Obligations

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

8. Net Position/Fund Balance

District-Wide Statements

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

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements

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

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

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

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

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2012-2013 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 2013/2014. Also, during 2013/2014 the Board increased the original budget by \$3,885,106. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$593,477 and capital reserve of \$600,513.

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

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

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,089,951 in the General Fund and \$101,565 in the Special Revenue Fund as of June 30, 2014 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 2013/2014 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 \$1,089,951 in the General Fund and \$101,565 in the Special Revenue Fund are equal to or less than the delayed state aid payments.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2014 is as follows:

Beginning balance		\$ 701,829
Increased by		
Interest earnings	\$ 108	
Deposits approved by Board Resolution	<u>400,000</u>	
Total Increases		400,108
Decreased by		
Approved by Board Resolution	<u>600,513</u>	
Total Withdrawals		<u>600,513</u>
Ending balance		<u>\$ 501,424</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2014, the book value of the Board's deposits were \$3,044,196 and bank and brokerage firm balances of the Board's deposits amounted to \$4,920,223. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>4,920,223</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, 2014 none of the Board's bank balances were exposed to custodial credit risk

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2014, the Board had no outstanding investments.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2014 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 7,340			\$ 12,397	\$ 19,737
Intergovernmental	<u>106,009</u>	<u>\$ 598,697</u>	<u>\$ 1,757,437</u>	<u>204,686</u>	<u>2,666,829</u>
Gross Receivables	113,349	598,697	1,757,437	217,083	2,686,566
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 113,349</u>	<u>\$ 598,697</u>	<u>\$ 1,757,437</u>	<u>\$ 217,083</u>	<u>\$ 2,686,566</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	\$ 276,018
Grant Draw Downs Reserved for Encumbrances	11,753
Capital Projects Fund	
Unrealized School Facilities Grant	<u>1,694,541</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 1,982,312</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance, July 1, 2013	Increases	Decreases	Transfers	Balance, June 30, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Construction in Progress	\$ 27,908	\$ 436,444	\$ -	\$ (305,112)	\$ 159,240
Total capital assets, not being depreciated	27,908	436,444	-	(305,112)	159,240
Capital assets, being depreciated:					
Buildings and Building Improvements	20,464,897	202,511		305,112	20,972,520
Machinery and Equipment	4,486,591	192,305	-	-	4,678,896
Total capital assets being depreciated	24,951,488	394,816	-	305,112	25,651,416
Less accumulated depreciation for:					
Buildings and Building Improvements	(7,480,375)	(497,928)			(7,978,303)
Machinery and Equipment	(2,589,162)	(371,134)	-	-	(2,960,296)
Total accumulated depreciation	(10,069,537)	(869,062)	-	-	(10,938,599)
Total capital assets, being depreciated, net	14,881,951	(474,246)	-	305,112	14,712,817
Governmental activities capital assets, net	\$ 14,909,859	\$ (37,802)	\$ -	\$ -	\$ 14,872,057

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2014</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ <u>359,219</u>	\$ <u>58,272</u>	<u>-</u>	\$ <u>417,491</u>
Total capital assets being depreciated	<u>359,219</u>	<u>58,272</u>	<u>-</u>	<u>417,491</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(315,555)</u>	<u>(12,647)</u>	<u>-</u>	<u>(328,202)</u>
Total accumulated depreciation	<u>(315,555)</u>	<u>(12,647)</u>	<u>-</u>	<u>(328,202)</u>
Total capital assets, being depreciated, net	<u>43,664</u>	<u>45,625</u>	<u>-</u>	<u>89,289</u>
Business-type activities capital assets, net	\$ <u>43,664</u>	\$ <u>45,625</u>	\$ <u>-</u>	\$ <u>89,289</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction

Regular	\$ 427,010
Special	82,494
Other	14,557
School Sponsored/Other Instructional	<u>12,512</u>

Total Instruction	<u>536,573</u>
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Support Services

Student and Instruction Related Services	110,710
Attendance	355
Educational Media School Library	18,905
General Administration	12,086
School Administration	74,007
Operation and Plant Maintenance	88,651
Student Transportation	7,724
Central and Other Support Services	<u>20,051</u>

Total Support Services	<u>332,489</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 869,062</u>
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Business-type activities:

Food Service Fund	<u>\$ 12,647</u>
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**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014:

<u>Project</u>	<u>Remaining Commitment</u>
Electrical System Upgrades	\$ 19,945
Window Replacement at Hillside High School	1,064,700
Window Replacement at AP Morris	108,210
Main Entrance Security Upgrade	<u>1,159,579</u>
Total	<u>\$ 2,352,434</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 108,305</u>
Total		<u>\$ 108,305</u>

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

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

	Transfer In:		<u>Total</u>
	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund	\$ 383,086	\$ 1,455,638	\$ 1,838,724
 Total	<u>\$ 383,086</u>	<u>\$ 1,455,638</u>	<u>\$ 1,838,724</u>

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

F. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2014 was as follows:

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

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 1,171,521	\$ 21,654	\$ -	\$ 1,193,175	\$ -
Governmental activity					
Long-term liabilities	<u>\$ 1,171,521</u>	<u>\$ 21,654</u>	<u>\$ -</u>	<u>\$ 1,193,175</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 50,000	\$ 44,702	\$ 106,778	\$ 295,040
2013	125,000	43,461	113,594	307,116
2012	123,932	43,334	162,739	252,249

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, 2014, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

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

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

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

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

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 76.1 percent and \$12.8 billion.

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

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, 2012 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 from 7.95 percent to 7.90 percent and (b) projected salary increases of 4.22 percent for the PERS and 3.51 % percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.6% for PERS, 6.6% 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, 2014 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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2014, 2013 and 2012 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2014	\$ 569,494	\$ 949,577	\$ 1,586
2013	584,184	1,491,447	-
2012	593,340	720,946	-

During fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$949,577 for normal cost pension and NCGI premium. For fiscal years 2012/2013 and 2011/2012, the state contributed \$1,491,447 and \$720,946, respectively for normal cost pension, accrued liability and the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,663,016 during the fiscal year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are 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 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.3 billion for state active and retired members and \$32.2 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, 2012, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2013, there were 100,134, retirees receiving post-retirement medical benefits and the State contributed \$1.07 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 paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

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, 2014, 2013 and 2012 were \$1,556,949, \$1,686,451 and \$1,449,290, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISONS

**HILLSDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 26,561,400	-	\$ 26,561,400	\$ 26,561,400	-
Tuition	110,000	-	110,000	155,478	\$ 45,478
Miscellaneous	715,921	-	715,921	602,767	(113,154)
Total Local Sources	27,387,321	-	27,387,321	27,319,645	(67,676)
State Sources					
Equalization Aid	19,007,900	-	19,007,900	19,007,900	-
Special Education Aid	1,798,099	-	1,798,099	1,798,099	-
Transportation Aid	97,953	-	97,953	97,953	-
Security Aid	210,693	-	210,693	210,693	-
Under Adequacy Aid	6,164	-	6,164	6,164	-
Other State Aid	-	-	-	1,310	1,310
Extraordinary Special Education Costs Aid	-	-	-	500,903	500,903
TPAF Pension and Annuity Fund- Post Ret. Medical (Non-Budget)	-	-	-	1,556,949	1,556,949
TPAF Pension and Annuity Fund (Non-Budget Normal Cost	-	-	-	872,559	872,559
NCGI Premium	-	-	-	77,018	77,018
TPAF Social Security Contributions (Non-Budget)	-	-	-	1,663,016	1,663,016
Total State Sources	21,120,809	-	21,120,809	25,792,564	4,671,755
Federal Sources					
Medicaid Reimbursement	42,518	-	42,518	66,880	24,362
Total Federal Sources	42,518	-	42,518	66,880	24,362
Total Revenues	48,550,648	-	48,550,648	53,179,089	4,628,441
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	614,216	\$ 49,458	663,674	663,435	239
Grades 1-5	5,159,447	(123,164)	5,036,283	5,035,883	400
Grades 6-8	3,104,842	(36,177)	3,068,665	3,068,663	2
Grades 9-12	4,767,666	144,363	4,912,029	4,911,502	527
Home Instruction	15,000	(5,000)	10,000	9,780	220
Purchased Professional-Educational Services	5,500	-	5,500	5,409	91
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	39,795	(6,405)	33,390	33,209	181
Cleaning, Repair & Maintenance		2,000	2,000	1,926	74
Other Purchased Services	222,012	(39,670)	182,342	170,258	12,084
General Supplies	555,697	276,707	832,404	654,979	177,425
Textbooks	225,233	8,724	233,957	208,418	25,539
Other Objects	3,200	2,200	5,400	4,305	1,095
Total Regular Programs	14,712,608	273,036	14,985,644	14,767,767	217,877

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 104,276	\$ (1,000)	\$ 103,276	\$ 102,953	\$ 323
Other Salaries for Instruction	22,800	30,946	53,746	53,746	-
General Supplies	500	(205)	295	295	-
Total Learning and/or Language Disabilities	127,576	29,741	157,317	156,994	323
Educational Disabilities					
Supplies and Materials	-	5,530	5,530	5,530	-
Total Educational Disabilities	-	5,530	5,530	5,530	-
Multiple Disabilities					
Salaries of Teachers	55,738	(55,738)	-	-	-
Other Salaries for Instruction	42,800	(42,800)	-	-	-
General Supplies	1,500	14,850	16,350	14,744	1,606
Total Multiple Disabilities	100,038	(83,688)	16,350	14,744	1,606
Resource Room/Resource Center					
Salaries of Teachers	2,168,308	(72,393)	2,095,915	2,095,915	-
Other Salaries for Instruction	37,000	38,619	75,619	75,619	-
General Supplies	4,000	6,436	10,436	5,942	4,494
Textbooks	900	1,654	2,554	1,904	650
Total Resource Room/Resource Center	2,210,208	(25,684)	2,184,524	2,179,380	5,144
Autistic					
Salaries of Teachers	104,276	17,160	121,436	121,436	-
Other Salaries for Instruction	90,780	(2,085)	88,695	88,694	1
General Supplies	300	8,893	9,193	8,594	599
Total Autistic	195,356	23,968	219,324	218,724	600
Preschool Disabilities - Full - Time					
Salaries of Teachers	52,338	7,526	59,864	59,864	-
Other Salaries for Instruction	22,440	41,423	63,863	63,620	243
General Supplies	450	1,403	1,853	1,489	364
Total Preschool Disabilities - Full - Time	75,228	50,352	125,580	124,973	607
Home Instruction					
Salaries of Teachers	4,000	5,360	9,360	9,360	-
Purchased Professional/Educational Services	5,000	9,471	14,471	14,470	1
Total Home Instruction	9,000	14,831	23,831	23,830	1
Total Special Education	2,717,406	15,050	2,732,456	2,724,175	8,281
Bilingual Education					
Salaries of Teachers	474,532	(3,380)	471,152	471,152	-
General Supplies	3,000	2,229	5,229	3,506	1,723
Total Bilingual Education	477,532	(1,151)	476,381	474,658	1,723

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
School Sponsored Co-Curricular Activities					
Salaries	\$ 135,400	\$ (19,158)	\$ 116,242	\$ 116,239	\$ 3
Other Salaries for Instruction	3,950	895	4,845	4,747	98
Other Objects	-	600	600	600	-
Supplies and Materials	500	76	576	415	161
Total School Sponsored Co-Curricular Activities	139,850	(17,587)	122,263	122,001	262
School Sponsored Athletics					
Salaries	270,544	(19,252)	251,292	250,499	793
Other Salaries	7,300	26,368	33,668	33,667	1
Other Purchased Professional & Technical Services	28,750	10,960	39,710	39,710	-
Clean, Repair and Maintenance Services	8,000	9,132	17,132	14,084	3,048
Rentals, Copiers Etc.	500	-	500	470	30
Travel	500	1,015	1,515	1,479	36
Miscellaneous Purchased Services	200	(200)	-	-	-
Supplies and Materials	58,600	28,905	87,505	74,385	13,120
Other Objects	18,250	601	18,851	18,811	40
Total School Sponsored Athletics	392,644	57,529	450,173	433,105	17,068
Before/After School Programs					
Other Salaries for Instruction	4,300	(4,300)	-	-	-
Salaries Teacher Tutors	61,200	(7,153)	54,047	53,807	240
Total Before/After School Programs	65,500	(11,453)	54,047	53,807	240
Summer School					
Salaries of Teachers	129,815	(46,087)	83,728	83,705	23
General Supplies	1,000	(1,000)	-	-	-
Total Summer School	130,815	(47,087)	83,728	83,705	23
Community Service Programs					
Salaries	4,168	-	4,168	210	3,958
Total Community Service Programs	4,168	-	4,168	210	3,958
Total Instruction	18,640,523	268,337	18,908,860	18,659,428	249,432
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular	60,000	(6,000)	54,000	54,000	-
Tuition to Other LEAs Within the State- Special	1,353,588	87,169	1,440,757	1,440,718	39
Tuition to County Voc. School Dist.-Regular	331,500	(35,472)	296,028	295,500	528
Tuition to County Voc. School Dist.- Special	80,000	(28,000)	52,000	52,000	-
Tuition to CSSD & Reg. Day Schools	53,964	(4,968)	48,996	48,995	1
Tuition to Priv. Sch. For the Disabled W/I State	3,189,289	310,569	3,499,858	3,499,847	11
Tuition to Priv. Sch. For the Disabled Out of State	104,471	(3,606)	100,865	100,771	94
Tuition- State Facilities	75,281	-	75,281	75,281	-
Tuition- Other	-	4,250	4,250	4,250	-
Total Undistributed Expenditures - Instruction	5,248,093	323,942	5,572,035	5,571,362	673

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Attendance and Social Work					
Salaries	\$ 9,792	\$ 1,687	\$ 11,479	\$ 11,479	-
Total Attendance and Social Work	9,792	1,687	11,479	11,479	-
Health Services					
Salaries	732,056	1,972	734,028	733,904	\$ 124
Purchased Professional & Technical Services	26,990	(900)	26,090	25,315	775
Other Purchased Services	-	-	-	-	-
Supplies and Materials	10,100	6,123	16,223	7,518	8,705
Total Health Services	769,146	7,195	776,341	766,737	9,604
Speech, OT, PT and Related Services					
Salaries	218,433	(5,997)	212,436	212,133	303
Purchased Professional/Educational Services	31,100	19,451	50,551	50,525	26
Supplies and Materials	800	12,143	12,943	12,347	596
Total Speech, OT, PT and Related Services	250,333	25,597	275,930	275,005	925
Other Support Serv. Students - Extra.					
Salaries	42,330	35,011	77,341	77,341	-
Purchased Professional/Educational Services	291,400	33,427	324,827	324,757	70
Total Other Supp.Serv. Student - Related Serv.	333,730	68,438	402,168	402,098	70
Guidance					
Salaries of Other Professional Staff	591,157	(12,955)	578,202	578,202	-
Salaries of Secretarial & Clerical Assistants	93,050	3,480	96,530	96,529	1
Purchased Professional/Educational Services	13,900	(3,346)	10,554	10,554	-
Rentals, Copiers Etc.	1,800	1,751	3,551	3,550	1
Other Purchased Services	1,555	(1,555)	-	-	-
Supplies and Materials	6,000	2,602	8,602	5,630	2,972
Other Objects	375	200	575	575	-
Total Guidance	707,837	(9,823)	698,014	695,040	2,974
Child Study Teams					
Salaries of Other Professional Staff	895,869	(47,883)	847,986	847,984	2
Salaries of Secretarial & Clerical Assistants	153,532	(14,925)	138,607	138,606	1
Purchased Professional- Educat. Services	23,896	(5,396)	18,500	17,523	977
Cleaning, Repair & Maintenance	200	(110)	90	-	90
Rentals, Copiers, etc.	2,700	431	3,131	3,131	-
Travel	1,000	(313)	687	687	-
Other Purchased Services	-	-	-	-	-
Supplies and Materials	17,680	14,628	32,308	25,582	6,726
Other Objects	2,000	(1,778)	222	222	-
Total Child Study Teams	1,096,877	(55,346)	1,041,531	1,033,735	7,796

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 844,451	\$ (80,161)	\$ 764,290	\$ 764,290	-
Salaries of Other Professional Staff		483	483	483	-
Salaries of Secretarial & Clerical Assist.	121,203	-	121,203	121,202	\$ 1
Other Salaries	15,000	(13,740)	1,260	1,260	-
Salaries of Facilitators, Math & Literacy Coaches	7,175	-	7,175	7,034	141
Travel	1,000	-	1,000	168	832
Other Purchased Services	2,400	300	2,700	2,700	-
Supplies and Materials	2,000	(1,141)	859	-	859
Total Improvement of Instruction Services	993,229	(94,259)	898,970	897,137	1,833
Educational Media/School Library					
Salaries	392,030	3,404	395,434	395,434	-
Salaries of Technology Coordinators	216,520	200	216,720	216,719	1
Rentals, Copiers Etc.	1,000	-	1,000	786	214
Supplies and Materials	15,200	1,753	16,953	14,061	2,892
Other Objects	1,000	(250)	750	-	750
Total Educational Media/School Library	625,750	5,107	630,857	627,000	3,857
Instructional Staff Training Services					
Other Salaries	18,533	(9,125)	9,408	5,876	3,532
Purchased Professional/Educational Services	36,750	(27,300)	9,450	3,200	6,250
Travel	3,200	-	3,200	632	2,568
Other Purchased Services	31,655	(20,830)	10,825	5,432	5,393
Supplies and Materials	-	1,700	1,700	1,699	1
Total Instructional Staff Training Services	90,138	(55,555)	34,583	16,839	17,744
Support Services General Administration					
Salaries	389,376	(2,599)	386,777	386,701	76
Other Salaries	4,682	-	4,682	4,636	46
Legal Services	85,000	2,726	87,726	87,640	86
Audit Fees	33,000	28,255	61,255	31,250	30,005
Architectural/Engineering Services	60,000	(24,058)	35,942	35,894	48
Other Purchased Professional Services	11,000	(975)	10,025	10,025	-
Miscellaneous Purchased Services	189,811	(9,388)	180,423	172,398	8,025
Communications/Telephone	69,307	(16,143)	53,164	52,265	899
Travel	3,500	(1,109)	2,391	2,389	2
Supplies and Materials	9,200	2,197	11,397	10,112	1,285
BOE In-House Training/Meeting Supplies	1,200	(775)	425	425	-
Miscellaneous Expenditures	43,000	(4,608)	38,392	38,321	71
Total Support Services General Administration	899,076	(26,477)	872,599	832,056	40,543

**HILLSDALE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 1,257,116	\$ 59,984	\$ 1,317,100	\$ 1,316,811	\$ 289
Salaries of Other Professional Staff	595,105	(93,804)	501,301	501,133	168
Salaries of Secretarial and Clerical Assistants	586,316	(7,886)	578,430	578,430	-
Other Purchased Services	115,933	(16,715)	99,218	97,105	2,113
Supplies and Materials	56,310	21,929	78,239	70,274	7,965
Other Objects	10,200	(6,050)	4,150	2,770	1,380
Total Support Services School Administration	2,620,980	(42,542)	2,578,438	2,566,523	11,915
Central Services					
Salaries	621,916	(2,200)	619,716	619,715	1
Purchased Technical Services	32,050	32,518	64,568	64,558	10
Miscellaneous Purchased Services	18,204	206	18,410	18,349	61
Supplies and Materials	10,395	10,004	20,399	16,627	3,772
Miscellaneous Expenditures	4,500	551	5,051	5,051	-
Total Central Services	687,065	41,079	728,144	724,300	3,844
Admin. Info. Tech.					
Salaries	29,365	184	29,549	29,548	1
Purchased Technical Services	2,600	-	2,600	2,596	4
Other Purchased Services	5,900	(1,952)	3,948	3,943	5
Supplies and Materials	5,750	(4,062)	1,688	1,592	96
Total Admin. Info. Tech.	43,615	(5,830)	37,785	37,679	106
Required Maintenance for School Facilities					
Salaries	473,837	(3,695)	470,142	470,139	3
Cleaning, Repair and Maintenance Services	576,499	783,356	1,359,855	971,796	388,059
General Supplies	110,700	72,414	183,114	160,066	23,048
Other Objects	5,000	(3,013)	1,987	1,640	347
Total Required Maintenance for School Facilities	1,166,036	849,062	2,015,098	1,603,641	411,457
Custodial Services					
Salaries	1,707,718	9,944	1,717,662	1,717,506	156
Purchased Professional & Technical Services	18,500	(14,460)	4,040	3,590	450
Cleaning, Repair and Maintenance Services	27,000	(8,599)	18,401	15,844	2,557
Other Purchased Property Services	56,700	6,203	62,903	60,738	2,165
Insurance	245,452	13,203	258,655	258,510	145
Miscellaneous Purchased Services	2,000	1,905	3,905	3,905	-
General Supplies	73,000	34,545	107,545	44,821	62,724
Energy (Heat and Electricity)	401,295	(53,820)	347,475	346,880	595
Other Objects	7,800	(2,930)	4,870	4,870	-
Gasoline	16,000	4,501	20,501	20,500	1
Energy (Natural Gas)	213,000	99,243	312,243	311,953	290
Total Custodial Services	2,768,465	89,735	2,858,200	2,789,117	69,083

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Care & Upkeep of Grounds					
Salaries	\$ 10,000	\$ 11,679	\$ 21,679	\$ 21,678	\$ 1
Purchased Professional & Technical Services	1,000	(979)	21	-	21
Cleaning, Repair, and Maintenance Services	83,500	17,803	101,303	101,023	280
General Supplies	2,500	710	3,210	3,210	-
Total Care & Upkeep of Grounds	97,000	29,213	126,213	125,911	302
Security					
Salaries	729,214	(67,155)	662,059	661,235	824
Miscellaneous Purchased Services	4,100	2,131	6,231	6,077	154
General Supplies	5,000	1,756	6,756	6,756	-
Total Security	738,314	(63,268)	675,046	674,068	978
Student Transportation Services					
Salaries of Non-Instructional Aides	29,600	5,719	35,319	35,242	77
Salaries for Pupil Transport (Between Home and School)- Reg.	33,278	500	33,778	33,235	543
Salaries for Pupil Transport (Between Home and School)- Spec. Ed.	142,560	3,800	146,360	146,345	15
Salaries for Pupil Transport (Other than Between Home & School)	41,460	(6,115)	35,345	35,277	68
Management Fee - ESC & CTSA Trans. Prog.	25,000	771	25,771	25,771	-
Other Purchased Prof. and Technical Services	400	-	400	-	400
Cleaning Repair and Maint. Serv.	20,000	5,879	25,879	25,879	-
Rental Payments - School Buses	500	2,500	3,000	3,000	-
Contracted Services (Between Home and School) - Vendors	323,325	1,002	324,327	324,213	114
Contracted Services (Other Than Between Home and School) - Vendors	70,000	2,475	72,475	71,991	484
Contracted Services (Special Ed. Students) - ESC's and CTSA's	585,000	57,258	642,258	642,258	-
Aid in Lieu Choice/Charter	7,100	19,862	26,962	24,752	2,210
Miscellaneous Purchased Services - Transportation	650	118	768	768	-
Transportation Supplies	29,745	(4,073)	25,672	23,822	1,850
Other Objects	400	(50)	350	350	-
Total Student Transportation Services	1,309,018	89,646	1,398,664	1,392,903	5,761
Unallocated Benefits- Employee Benefits					
Social Security Contributions	485,000	16,100	501,100	500,607	493
Other Retirement Contributions - Regular	630,723	(61,229)	569,494	569,494	-
Unemployment Compensation	125,000	(75,000)	50,000	50,000	-
Workers' Compensation	288,007	(52,697)	235,310	235,289	21
Health Benefits	6,126,794	(535,630)	5,591,164	5,591,089	75
Tuition Reimbursement	105,500	(14,930)	90,570	79,650	10,920
Other Employee Benefits	472,382	53,253	525,635	524,733	902
Total Unallocated Benefits	8,233,406	(670,133)	7,563,273	7,550,862	12,411

**HILLISIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				\$ 1,556,949	\$ (1,556,949)
Pension - Normal Cost				872,559	(872,559)
Pension - NCGI Premium				77,018	(77,018)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	1,663,016	(1,663,016)
Total Undistributed Expenditures	\$ 28,687,900	\$ 507,468	\$ 29,195,368	32,763,034	(3,567,666)
Total Current Expenditures	47,328,423	775,805	48,104,228	51,422,462	(3,318,234)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	-	17,500	17,500	-	17,500
Grades 6-8	-	4,500	4,500	4,448	52
Grades 9-12	-	40,516	40,516	40,516	-
Undistributed					
Instruction	65,940	(27,013)	38,927	37,771	1,156
General Administration	-	106,430	106,430	76,598	29,832
Information Technology	8,060	6,100	14,160	13,894	266
Operation and Maintenance of Plant Services	-	41,989	41,989	4,410	37,579
Facilities Acquisition and Construction Services					
Archititural/Engineering Services	5,000	1,600	6,600	4,100	2,500
Other Objects - Debt Service Assessment	36,265	(7,700)	28,565	28,526	39
Construction Services	463,000	77,203	540,203	477,615	62,588
Deposit to Capital Reserve	110	399,890	400,000	-	400,000
Total Capital Outlay	578,375	661,015	1,239,390	687,878	551,512
Transfer Funds To Charter School	187,791	116,696	304,487	304,487	-
Total General Fund	48,094,589	1,553,516	49,648,105	52,414,827	(2,766,722)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	456,059	(1,553,516)	(1,097,457)	764,262	1,861,719
Other Financing Sources (Uses)					
Operating Transfer Out - Capital Projects Fund		(1,455,638)	(1,455,638)	(1,455,638)	-
Operating Transfer Out - Special Revenue Fund	(495,131)	112,000	(383,131)	(383,086)	45
Total Other Financing Sources (Uses)	(495,131)	(1,343,638)	(1,838,769)	(1,838,724)	45

HILLSIDE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<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)	\$ (39,072)	\$ (2,897,154)	\$ (2,936,226)	\$ (1,074,462)	\$ 1,861,764
Fund Balance, Beginning of Year	<u>3,984,161</u>	<u>-</u>	<u>3,984,161</u>	<u>3,984,161</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,945,089</u>	<u>\$ (2,897,154)</u>	<u>\$ 1,047,935</u>	<u>\$ 2,909,699</u>	<u>\$ 1,861,764</u>
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 501,424	
Assigned Fund Balance					
Encumbrances				907,973	
Unassigned Fund Balance					
Undesignated				<u>1,500,302</u>	
				<u>2,909,699</u>	
Reconciliation to Governmental Fund Statements (GAAP)					
Last State Aid Payments not recognized on GAAP Basis				2,089,350	
Extraordinary Aid Payment				<u>500,903</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 319,446</u>	

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 1,015,653	\$ 115,296	\$ 1,130,949	\$ 1,054,661	\$ (76,288)
Federal	1,462,109	933,951	2,396,060	1,891,828	(504,232)
Local Sources					
Miscellaneous	-	50,705	50,705	13,016	(37,689)
Total Revenues	<u>2,477,762</u>	<u>1,099,952</u>	<u>3,577,714</u>	<u>2,959,505</u>	<u>(618,209)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	904,316	227,246	1,131,562	1,046,117	85,445
Other Salaries for Instruction	247,500	287	247,787	229,363	18,424
Salaries of Tutors		2,352	2,352	525	1,827
Tuition	719,383	86,452	805,835	805,835	-
Transportation		300	300		300
Purchased Professional/Educational Services		13,388	13,388	11,888	1,500
Other Purchased Services	20,991	(8,056)	12,935	5,835	7,100
General Supplies	444,346	37,346	481,692	418,528	63,164
Textbooks		9,647	9,647	883	8,764
Miscellaneous Expenditures	-	9,103	9,103	-	9,103
Total Instruction	<u>2,336,536</u>	<u>378,065</u>	<u>2,714,601</u>	<u>2,518,974</u>	<u>195,627</u>
Support Services					
Salaries of Supervisors Instruction	35,647	3,804	39,451	39,450	1
Salaries of Program Directors	57,248	-	57,248	57,074	174
Salaries of Other Professional Staff		9,970	9,970	5,075	4,895
Salaries of Secretarial and Clerical Asst.	10,378	-	10,378	10,378	-
Other Salaries	73,471	27,448	100,919	78,506	22,413
Personal Services-Employee Benefits	397,807	94,142	491,949	420,073	71,876
Purchased Professional/Educational Services	59,306	327,754	387,060	144,214	242,846
Transportation		6,500	6,500	2,975	3,525
Travel		29,372	29,372	14,471	14,901
Other Purchased Services		8,930	8,930	6,634	2,296
Supplies and Materials	2,500	78,666	81,166	43,930	37,236
Miscellaneous Expenditures	-	8,633	8,633	837	7,796
Total Support Services	<u>636,357</u>	<u>595,219</u>	<u>1,231,576</u>	<u>823,617</u>	<u>407,959</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	1,148	1,148	-	1,148
Non - Instructional Equipment	-	13,520	13,520	-	13,520
Total Facilities Acq. & Construction	<u>-</u>	<u>14,668</u>	<u>14,668</u>	<u>-</u>	<u>14,668</u>
Total Expenditures	<u>2,972,893</u>	<u>987,952</u>	<u>3,960,845</u>	<u>3,342,591</u>	<u>618,254</u>
Deficiency of Revenues Under Expenditures	(495,131)	112,000	(383,131)	(383,086)	45
Other Financi Sources (Uses)					
Budgeted Transfer from General Fund - Preschool Programs	495,131	(112,000)	383,131	383,086	(45)
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less Current Year State Aid Payments not recognized on GAAP Basis				\$ (101,565)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (101,565)</u>	

**HILLSIDE BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

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

	General Fund <u>C-1</u>	Special Revenue Fund <u>C-2</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 53,179,089	(C-2) \$ 2,959,505
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, 2013		95,983
Encumbrances, June 30, 2014		(11,753)
State Aid and Extraordinary Aid payments (2012/2013) recognized for GAAP Statements not recognized for budgetary purposes.	2,676,081	103,206
State Aid and Extraordinary Aid payments (2013/2014) recognized for budgetary purposes not recognized for GAAP statements	<u>(2,590,253)</u>	<u>(101,565)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 53,264,917</u>	<u>\$ 3,045,376</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 52,414,827	(C-2) \$ 3,342,591
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, 2013		95,983
Encumbrances, June 30, 2014	<u>-</u>	<u>(11,753)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 52,414,827</u>	(B-2) <u>\$ 3,426,821</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	EXHIBIT E-1A	EXHIBIT E-1B	EXHIBIT E-1C	Total
REVENUES				
Intergovernmental				
State		\$ 36,536	\$ 1,018,125	\$ 1,054,661
Federal	\$ 1,059,218		832,610	1,891,828
Local Sources				
Miscellaneous	-	-	13,016	13,016
Total Revenues	<u>1,059,218</u>	<u>36,536</u>	<u>1,863,751</u>	<u>2,959,505</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	336,448		709,669	1,046,117
Other Salaries for Instruction			229,363	229,363
Salaries of Tutors			525	525
Tuition			805,835	805,835
Purchased Professional/Educational Services	11,888			11,888
Other Purchased Services	5,835		-	5,835
General Supplies	378,695		39,833	418,528
Textbooks	883	-	-	883
Total Instruction	<u>733,749</u>	<u>-</u>	<u>1,785,225</u>	<u>2,518,974</u>
Support Services				
Salaries of Supervisors Inst.			39,450	39,450
Salaries of Program Directors			57,074	57,074
Salaries of Other Professional Staff	5,075			5,075
Salaries of Secretarial and Clerical Asst.			10,378	10,378
Other Salaries	72,356		6,150	78,506
Personal Services-Employee Benefits	75,652		344,421	420,073
Purchased Professional/Educational Services	107,678	36,536		144,214
Transportation	2,975			2,975
Travel	14,471			14,471
Other Purchased Services	5,995		639	6,634
Supplies and Materials	41,267		2,663	43,930
Miscellaneous Expenditures	-	-	837	837
Total Support Services	<u>325,469</u>	<u>36,536</u>	<u>461,612</u>	<u>823,617</u>
Total Expenditures	<u>1,059,218</u>	<u>36,536</u>	<u>2,246,837</u>	<u>3,342,591</u>
Deficiency of Revenues Under Expenditures	-	-	(383,086)	(383,086)
Other Financing Sources/(Uses)				
Budgeted Transfer from General Fund			383,086	383,086
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

	<u>Title I</u>	<u>Title I</u>	<u>Title IIA</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III</u>	<u>Subtotal E-1A</u>
REVENUES							
Intergovernmental							
Federal	\$ 611,244	\$ 255,725	\$ 74,516	\$ 41,206	\$ 55,949	\$ 20,578	\$ 1,059,218
Total Revenues	\$ 611,244	\$ 255,725	\$ 74,516	\$ 41,206	\$ 55,949	\$ 20,578	\$ 1,059,218
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 230,764	\$ 89,080	\$ 1,480		\$ 8,837	\$ 6,287	\$ 336,448
Purchased Professional-Educational Services	11,888						11,888
Other Purchased Services	2,835	3,000					5,835
General Supplies	192,365	138,301			35,514	12,515	378,695
Textbooks	-	-	-	-	883	-	883
Total Instruction	437,852	230,381	1,480	-	45,234	18,802	733,749
Support Services							
Salaries of Other Professional Staff	2,475		2,600				5,075
Other Salaries	27,930	9,950	400	\$ 29,776	4,300		72,356
Personal Services-Employee Benefits	63,969	7,576	343	2,278	1,005	481	75,652
Purchased Professional-Educational Services	43,400	2,250	56,398	5,630			107,678
Transportation	2,750				225		2,975
Travel	1,592		10,470		2,409		14,471
Other Purchased Services	5,395		600				5,995
Supplies and Materials	25,881	5,568	2,225	3,522	2,776	1,295	41,267
Total Support Services	173,392	25,344	73,036	41,206	10,715	1,776	325,469
Total Expenditures	\$ 611,244	\$ 255,725	\$ 74,516	\$ 41,206	\$ 55,949	\$ 20,578	\$ 1,059,218
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, 2014**

		<u>Chapter 192</u>					<u>Chapter 193</u>				
		<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>Comp. Education</u>	<u>English as a Second Language</u>	<u>Transportation</u>	<u>Supplemental Instruction</u>	<u>Examination & Classification</u>	<u>Corrective Speech</u>	<u>Subtotal E-1B</u>
REVENUES											
Intergovernmental											
State		\$ 4,061	\$ 5,858	\$ 1,464	\$ 10,272	\$ 873	\$ 7,843	\$ 2,082	\$ 958	\$ 3,125	\$ 36,536
Total Revenues		<u>\$ 4,061</u>	<u>\$ 5,858</u>	<u>\$ 1,464</u>	<u>\$ 10,272</u>	<u>\$ 873</u>	<u>\$ 7,843</u>	<u>\$ 2,082</u>	<u>\$ 958</u>	<u>\$ 3,125</u>	<u>\$ 36,536</u>
EXPENDITURES											
Support Services											
Purchased Professional/Educational Services		\$ 4,061	5,858	\$ 1,464	\$ 10,272	\$ 873	\$ 7,843	\$ 2,082	\$ 958	\$ 3,125	\$ 36,536
Total Support Services		<u>4,061</u>	<u>5,858</u>	<u>1,464</u>	<u>10,272</u>	<u>873</u>	<u>7,843</u>	<u>2,082</u>	<u>958</u>	<u>3,125</u>	<u>36,536</u>
Total Expenditures		<u>\$ 4,061</u>	<u>\$ 5,858</u>	<u>\$ 1,464</u>	<u>\$ 10,272</u>	<u>\$ 873</u>	<u>\$ 7,843</u>	<u>\$ 2,082</u>	<u>\$ 958</u>	<u>\$ 3,125</u>	<u>\$ 36,536</u>
Deficiency of Revenues Under Expenditures		-	-	-	-	-	-	-	-	-	-
Other Financing Sources/(Uses)											
Budgeted Transfer from General Fund											
Fund Balance, Beginning of Year		-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Continued

	Individuals With Disabilities Education Act						
	Part B-Basic	Part B Preschool	Preschool Education Aid	Post School Outcomes	Perkins Secondary	Miscellaneous	Subtotal E-1C
REVENUES							
Intergovernmental							
State			\$ 1,015,725	\$ 2,400			\$ 1,018,125
Federal	\$ 794,750	\$ 21,126			\$ 16,734		832,610
Local	-	-	-	-	-	\$ 13,016	13,016
Total Revenues	<u>\$ 794,750</u>	<u>\$ 21,126</u>	<u>\$ 1,015,725</u>	<u>\$ 2,400</u>	<u>\$ 16,734</u>	<u>\$ 13,016</u>	<u>\$ 1,863,751</u>
EXPENDITURES							
Instruction							
Salaries of Teachers			\$ 709,669				\$ 709,669
Other Salaries for Instruction			229,363				229,363
Salaries of Tutors					\$ 525		525
Tuition	\$ 784,709	\$ 21,126					805,835
General Supplies	<u>10,041</u>	<u>-</u>	<u>7,042</u>	<u>-</u>	<u>11,832</u>	<u>\$ 10,918</u>	<u>39,833</u>
Total Instruction	<u>794,750</u>	<u>21,126</u>	<u>946,074</u>	<u>-</u>	<u>12,357</u>	<u>10,918</u>	<u>1,785,225</u>
Support Services							
Salaries of Supervisors Inst.			39,450				39,450
Salaries of Program Directors			57,074				57,074
Salaries of Secretaries & Clerical Assistants			10,378				10,378
Other Salaries				\$ 2,400	3,750		6,150
Personal Services-Employee Benefits			344,094		327		344,421
Other Purchased Services						639	639
Supplies and Materials			1,741		300	622	2,663
Miscellaneous Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>837</u>	<u>837</u>
Total Support Services	<u>-</u>	<u>-</u>	<u>452,737</u>	<u>2,400</u>	<u>4,377</u>	<u>2,098</u>	<u>461,612</u>
Total Expenditures	<u>\$ 794,750</u>	<u>\$ 21,126</u>	<u>\$ 1,398,811</u>	<u>\$ 2,400</u>	<u>\$ 16,734</u>	<u>\$ 13,016</u>	<u>\$ 2,246,837</u>
Deficiency of Revenues Under Expenditures	-	-	(383,086)	-	-	-	(383,086)
Other Financing Sources/(Uses)							-
Budgeted Transfer from General Fund			383,086				383,086
Fund Balance, Beginning of Year	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**HILLSIDE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 709,669	\$ 709,669	-
Other Salaries for Instruction	229,363	229,363	\$ -
General Supplies	7,042	7,042	-
	<u>946,074</u>	<u>946,074</u>	<u>-</u>
Total Instruction			
Support Services:			
Salaries of Supervisors Inst.	39,450	39,450	-
Salaries of Program Directors	57,074	57,074	-
Salaries of Secretaries & Clerical Assistants	10,378	10,378	-
Other Salaries	-	-	-
Purchased Services - Employee Benefits	344,094	344,094	-
Purchased Professional - Educational Services	-	-	-
Supplies and Materials	1,741	1,741	-
	<u>452,737</u>	<u>452,737</u>	<u>-</u>
Total Support Services			
Total Expenditures	<u>\$ 1,398,811</u>	<u>\$ 1,398,811</u>	<u>\$ -</u>
Total Revised 2013-2014 Preschool Education Aid Allocation			\$ 1,015,653
Add: Actual Preschool Aid Carryover (June 30, 2013)			-
Add: Prior Year Order Cancelled			72
Add: Budgeted Transfer from the General Fund 2013-2014			<u>383,086</u>
Total Preschool Education Aid Funds Available for 2013-2014 Budget			1,398,811
Less: Budgeted Preschool Education Aid			<u>(1,398,811)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2014			-
Add: June 30, 2014 Unexpended Preschool Education Aid			<u>-</u>
2013-2014 Carryover - Preschool Education Aid			<u>-</u>
2013-2014 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2014-2015			<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, 2014**

<u>Issue</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance, June 30, 2014</u>
			<u>Prior Years</u>	<u>Current Year</u>		
2014	Window Replacement - Hillside High School	\$ 1,381,591		\$ 68,700		\$ 1,312,891
2014	Upgrade Security at Main Entrance - Hillside High School	548,089		27,100		520,989
2014	Upgrade Security at Main Entrance - Walter O. Krumbiegel Middle School	161,833		9,740		152,093
2014	Upgrade Security at Main Entrance - Hurden-Looker Elementary	573,693		23,740		549,953
2014	Upgrade Security at Main Entrance - AP Morris Early Childhood Center	222,980		11,500		211,480
2014	Upgrade Security at Main Entrance - George Washington Elementary	324,889	-	16,460	-	308,429
		<u>\$ 3,213,075</u>	<u>\$ -</u>	<u>\$ 157,240</u>	<u>\$ -</u>	<u>\$ 3,055,835</u>

Project Balance - Budgetary Basis \$ 3,055,835
Less: SDA Grant Revenue
Not Realized Under GAAP (1,694,541)

Fund Balance - GAAP \$ 1,361,294

Recapitulation of Fund Balance

Restricted for Capital Projects:
Year End Encumbrances \$ 2,252,751
Available for Capital Projects 803,084

Total Fund Balance - Restricted for
Capital Projects \$ 3,055,835

**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, 2014**

**Revenues and Other Financing
Sources**

State sources - SDA Grants	\$ 1,757,437
Transfer from Capital Reserve	<u>1,455,638</u>
Total Revenues	<u>3,213,075</u>

**Expenditures and Other
Financing Uses**

Expenditures	
Construction Services	<u>\$ 157,240</u>

Total Expenditures	157,240
--------------------	---------

Excess (deficiency) or Revenues over (under) Expenditures	<u>3,055,835</u>
--	------------------

Fund Balance- Beginning of Year	<u>-</u>
---------------------------------	----------

Fund Balance- End of Year - Budgetary Basis	<u><u>\$ 3,055,835</u></u>
---	----------------------------

Reconciliation to GAAP:

Project Fund Balance	\$ 3,055,835
Less: SDA Grant Revenue not Realized Under GAAP	<u>(1,694,541)</u>

Fund Balance- End of Year - GAAP Basis	<u>\$ 1,361,294</u>
--	---------------------

HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
WINDOW REPLACEMENT - HILLSIDE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources				
State Sources - SDA Grants	\$ -	\$ 755,681	\$ 755,681	\$ 755,681
Transfer from Capital Reserve	-	625,910	625,910	625,910
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	1,381,591	1,381,591	1,381,591
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures and Other				
Financing Uses				
Purchased Professional and Technical Services	-			
Construction Services	-	68,700	68,700	1,381,591
Transfer to General Fund	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	68,700	68,700	1,381,591
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 1,312,891	\$ 1,312,891	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

Additional project information:

Project Number	2190-050-14-1012
Grant Date	5/21/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,381,591
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	5%
Original target completion date	6/30/2015
Revised target completion date	N/A

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
UPGRADE SECURITY AT MAIN ENTRANCE - HILLSIDE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ -	\$ 299,785	\$ 299,785	\$ 299,785
Transfer from Capital Reserve	-	248,304	248,304	248,304
Total Revenues	-	548,089	548,089	548,089
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services			-	-
Construction Services		27,100	27,100	548,089
Transfer to General Fund	-	-	-	-
Total Expenditures	-	27,100	27,100	548,089
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 520,989	\$ 520,989	\$ -
Additional project information:				
Project Number	2190-050-14-1005			
Grant Date	5/21/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 548,089			
Additional Authorized Cost	N/A			
Revised Authorized Cost	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	5%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
UPGRADE SECURITY AT MAIN ENTRANCE - WALTER O. KRUMBIEGEL MIDDLE SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ -	\$ 88,517	\$ 88,517	\$ 88,517
Transfer from Capital Reserve	-	73,316	73,316	73,316
Total Revenues	-	161,833	161,833	161,833
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services			-	-
Construction Services		9,740	9,740	161,833
Transfer to General Fund	-	-	-	-
Total Expenditures	-	9,740	9,740	161,833
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 152,093	\$ 152,093	\$ -

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	\$ 161,833
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	6%
Original target completion date	6/30/2015
Revised target completion date	N/A

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
UPGRADE SECURITY AT MAIN ENTRANCE - HURDEN LOOKER ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ -	\$ 313,789	\$ 313,789	\$ 313,789
Transfer from Capital Reserve	-	259,904	259,904	259,904
Total Revenues	-	573,693	573,693	573,693
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services			-	-
Construction Services		23,740	23,740	573,693
Transfer to General Fund	-	-	-	-
Total Expenditures	-	23,740	23,740	573,693
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 549,953	\$ 549,953	\$ -
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	N/A			
Percentage Increase over Original Authorized Cost	N/A			
Percentage completion	4%			
Original target completion date	6/30/2015			
Revised target completion date	N/A			

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
UPGRADE SECURITY AT MAIN ENTRANCE - AP MORRIS EARLY CHILDHOOD CENTER
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ -	\$ 121,962	\$ 121,962	\$ 121,962
Transfer from Capital Reserve	-	101,018	101,018	101,018
Total Revenues	-	222,980	222,980	222,980
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services			-	-
Construction Services		11,500	11,500	222,980
Transfer to General Fund	-	-	-	-
Total Expenditures	-	11,500	11,500	222,980
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 211,480	\$ 211,480	\$ -

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	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	5%
Original target completion date	6/30/2015
Revised target completion date	N/A

**HILLSIDE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS
UPGRADE SECURITY AT MAIN ENTRANCE - GEORGE WASHINGTON ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

Additional project information:

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

PROPRIETARY FUNDS

**HILLSIDE BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

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, 2014**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

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, 2014**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 87,685	\$ 265,595	\$ 353,280
Total Assets	<u>\$ 87,685</u>	<u>\$ 265,595</u>	<u>\$ 353,280</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 265,595	\$ 265,595
Due to Student Groups	\$ 87,685	-	87,685
Total Liabilities	<u>\$ 87,685</u>	<u>\$ 265,595</u>	<u>\$ 353,280</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

<u>School</u>	<u>Balance July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2014</u>
ELEMENTARY SCHOOLS				
Calvin Coolidge	\$ 7,681	\$ 4,729	\$ 8,728	\$ 3,682
A.P. Morris	12,592	24,214	21,657	15,149
Hurden Looker	8,963	15,389	19,479	4,873
George Washington	1,654	2,963	2,358	2,259
JUNIOR HIGH SCHOOLS				
Walter O. Krumbiegel	8,813	47,127	44,717	11,223
SENIOR HIGH SCHOOL				
Hillside High School	55,647	98,640	103,788	50,499
Total	<u>\$ 95,350</u>	<u>\$ 193,062</u>	<u>\$ 200,727</u>	<u>\$ 87,685</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance, July 1, 2013</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2014</u>
Payroll Deductions and Withholdings	\$ 256,707	\$ 15,288,310	\$ 15,279,422	\$ 265,595
Accrued Salaries and Wages	-	16,398,383	16,398,383	-
Total	<u>\$ 256,707</u>	<u>\$ 31,686,693</u>	<u>\$ 31,677,805</u>	<u>\$ 265,595</u>

LONG-TERM DEBT

**HILLSIDE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment In Capital Assets	\$ 8,009,786	\$ 8,567,841	\$ 11,618,904	\$ 12,791,814	\$ 13,205,655	\$ 14,064,204	\$ 13,884,937	\$ 13,307,648	\$ 14,909,859	\$ 14,872,057
Restricted	452,800	424,156	41,982	48,462	48,522	48,532	48,639	701,721	701,829	1,862,718
Unrestricted	3,591,233	3,191,304	1,396,840	140,642	(919,098)	(46,185)	(946,949)	(766,218)	(668,476)	(1,476,718)
Total Governmental Activities Net Position	<u>\$ 12,053,819</u>	<u>\$ 12,183,301</u>	<u>\$ 13,057,726</u>	<u>\$ 12,980,918</u>	<u>\$ 12,335,079</u>	<u>\$ 14,066,551</u>	<u>\$ 12,986,627</u>	<u>\$ 13,243,151</u>	<u>\$ 14,943,212</u>	<u>\$ 15,258,057</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 64,034	\$ 61,619	\$ 57,330	\$ 50,352	\$ 45,508	\$ 65,733	\$ 52,937	\$ 44,089	\$ 43,664	\$ 89,289
Restricted										
Unrestricted	182,336	(34,871)	(30,628)	32,656	81,006	147,240	208,359	269,127	254,564	231,149
Total Business-Type Activities Net Position	<u>\$ 246,370</u>	<u>\$ 26,748</u>	<u>\$ 26,702</u>	<u>\$ 83,008</u>	<u>\$ 126,514</u>	<u>\$ 212,973</u>	<u>\$ 261,296</u>	<u>\$ 313,216</u>	<u>\$ 298,228</u>	<u>\$ 320,438</u>
District-Wide										
Net Investment In Capital Assets	\$ 8,073,820	\$ 8,629,460	\$ 11,676,234	\$ 12,842,166	\$ 13,251,163	\$ 14,129,937	\$ 13,937,874	\$ 13,351,737	\$ 14,953,523	\$ 14,961,346
Restricted	452,800	424,156	41,982	48,462	48,522	48,532	48,639	701,721	701,829	1,862,718
Unrestricted	3,773,569	3,156,433	1,366,212	173,298	(838,092)	101,055	(738,590)	(497,091)	(413,912)	(1,245,569)
Total District Net Position	<u>\$ 12,300,189</u>	<u>\$ 12,210,049</u>	<u>\$ 13,084,428</u>	<u>\$ 13,063,926</u>	<u>\$ 12,461,593</u>	<u>\$ 14,279,524</u>	<u>\$ 13,247,923</u>	<u>\$ 13,556,367</u>	<u>\$ 15,241,440</u>	<u>\$ 15,578,495</u>

Source: District financial records

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

	2005	2006	2007	2008	Fiscal Year Ended June 30,		2011	2012	2013	2014
					2009	2010				
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 17,663,625	\$ 19,715,710	\$ 20,614,631	\$ 22,328,389	\$ 22,547,632	\$ 22,698,875	\$ 23,018,450	\$ 23,276,436	\$ 23,050,123	\$ 22,919,477
Special Education	8,597,596	9,128,524	9,487,349	8,586,884	8,820,314	8,859,889	9,129,705	9,425,597	9,299,964	9,982,041
Other Instruction	609,462	577,664	694,074	642,627	868,217	1,483,285	1,339,857	1,326,175	1,509,337	1,599,474
School Sponsored Activities and Athletics	388,515	459,875	488,245	456,184	555,707	588,643	652,345	727,611	699,647	700,647
Support Services:										
Student & Instruction Related Services	4,662,657	4,945,348	5,115,381	5,103,864	5,081,023	5,544,199	5,390,566	5,182,761	6,626,499	6,574,029
Attendance And Social Work	27,487	47,223	48,986	37,088	36,586	35,234	13,958	15,914	15,010	15,603
Educational Media/School Library	429,135	437,891	480,277	480,466	524,461	924,308	842,858	808,189	864,168	882,624
School Administrative Services	2,611,003	2,966,027	3,148,298	3,502,087	3,453,503	2,908,408	3,581,123	3,347,762	3,559,103	3,628,876
General Administration	1,178,816	1,000,683	1,024,985	1,098,435	1,072,198	1,747,828	1,017,964	1,086,487	1,095,179	1,020,964
Central Services	943,554	1,043,250	1,119,526	1,199,214	1,198,319	959,747	965,077	942,254	1,325,267	1,027,351
Plant Operations And Maintenance	4,132,280	4,579,259	4,518,711	5,305,915	5,629,000	6,296,833	6,670,431	6,090,794	5,744,786	6,224,513
Pupil Transportation	1,255,416	1,381,983	1,434,317	1,366,275	1,444,171	1,315,004	1,224,152	1,299,276	986,186	1,482,745
Other Support Services										
Interest On Long-Term Debt	20,312									
Total Governmental Activities Expenses	42,519,858	46,283,437	48,174,780	50,107,428	51,231,131	53,362,253	53,846,486	53,529,256	54,775,269	56,058,344
Business-Type Activities:										
Food Service	1,225,201	1,372,514	1,249,598	1,346,523	1,381,807	1,440,987	1,400,535	1,410,289	1,470,885	1,515,374
Total District Expenses	\$ 43,745,059	\$ 47,655,951	\$ 49,424,378	\$ 51,453,951	\$ 52,612,938	\$ 54,803,240	\$ 55,247,021	\$ 54,939,545	\$ 56,246,154	\$ 57,573,718
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)/Rentals	\$ 2,046,450	\$ 2,079,768	\$ 1,599,344	\$ 177,203			\$ 140,532	\$ 131,180	\$ 705,289	\$ 657,471
Operating Grants And Contributions	10,182,116	10,394,547	12,143,086	12,921,937	\$ 8,058,718	\$ 13,675,100	9,055,264	8,779,692	10,955,632	9,965,423
Capital Grants And Contributions	4,710	-	262,936	-	-	181,955	-	-	32,377	77,564
Total Governmental Activities Program Revenues	12,233,276	12,474,315	14,005,366	13,099,140	8,058,718	13,857,055	9,195,796	8,910,872	11,693,298	10,700,458
Business-Type Activities:										
Charges For Services										
Food Service	\$ 444,331	\$ 426,129	\$ 394,234	\$ 473,551	\$ 499,755	\$ 485,567	\$ 453,785	\$ 434,862	\$ 442,592	\$ 454,267
Operating Grants And Contributions	706,802	701,763	729,234	794,278	810,558	939,384	960,073	1,027,347	1,013,305	1,083,317
Total Business Type Activities Program Revenues	1,151,133	1,127,892	1,123,468	1,267,829	1,310,313	1,424,951	1,413,858	1,462,209	1,455,897	1,537,584
Total District Program Revenues	\$ 13,384,409	\$ 13,602,207	\$ 15,128,834	\$ 14,366,969	\$ 9,369,031	\$ 15,282,006	\$ 10,609,654	\$ 10,373,081	\$ 13,149,195	\$ 12,238,042
Net (Expense)/Revenue										
Governmental Activities	\$ (30,286,582)	\$ (33,809,122)	\$ (34,169,414)	\$ (37,008,288)	\$ (43,172,413)	\$ (39,505,198)	\$ (44,650,690)	\$ (44,618,384)	\$ (43,081,971)	\$ (45,357,886)
Business-Type Activities	(74,068)	(244,622)	(126,130)	(78,694)	(71,494)	(16,036)	13,323	51,920	(14,988)	22,210
Total District-Wide Net Expense	\$ (30,360,650)	\$ (34,053,744)	\$ (34,295,544)	\$ (37,086,982)	\$ (43,243,907)	\$ (39,521,234)	\$ (44,637,367)	\$ (44,566,464)	\$ (43,096,959)	\$ (45,335,676)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 23,307,990	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400
Unrestricted Grants And Contributions	9,200,349	10,906,963	10,994,759	11,403,157	16,973,199	15,144,879	17,380,092	18,633,587	18,495,504	19,010,557
Miscellaneous Income	629,477	538,065	432,705	762,215	767,266	702,187	695,686	711,333	159,457	100,774

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

	2005	2006	2007	2008	Fiscal Year Ended June 30,		2011	2012	2013	2014
					2009	2010				
Insurance Proceeds Utilized to Purchase Capital Assets						(37,889)	-	-	92,648	-
Disposition of Capital Asset, net Transfers	(137,698)	(25,000)	(126,084)	(135,000)	(115,000)	(102,495)	(35,000)		(6,165)	-
Total Governmental Activities	33,000,118	33,938,604	35,043,839	36,931,481	42,526,574	41,236,670	43,570,766	44,874,908	44,782,032	45,672,731
Business-Type Activities: Transfers	137,698	25,000	126,084	135,000	115,000	102,495	35,000			
Total Business-Type Activities	137,698	25,000	126,084	135,000	115,000	102,495	35,000	-	-	-
Total District-Wide	\$ 33,137,816	\$ 33,963,604	\$ 35,169,923	\$ 37,066,481	\$ 42,641,574	\$ 41,339,165	\$ 43,605,766	\$ 44,874,908	\$ 44,782,032	\$ 45,672,731
Change in Net Position										
Governmental Activities	\$ 2,713,536	\$ 129,482	\$ 874,425	\$ (76,807)	\$ (645,839)	\$ 1,731,472	\$ (1,079,924)	\$ 256,524	\$ 1,700,061	\$ 314,845
Business-Type Activities	63,630	(219,622)	(46)	56,306	43,506	86,459	48,323	51,920	(14,988)	22,210
Total District	\$ 2,777,166	\$ (90,140)	\$ 874,379	\$ (20,501)	\$ (602,333)	\$ 1,817,931	\$ (1,031,601)	\$ 308,444	\$ 1,685,073	\$ 337,055

Source: District financial records

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

	2005	2006	2007	2008	Fiscal Year Ended June 30,		2011	2012	2013	2014
					2009	2010				
General Fund										
Reserved	\$ 1,416,679	\$ 2,510,772	\$ 2,266,701	\$ 1,268,238	\$ 1,826,770	\$ 1,243,646				
Unreserved	3,232,755	1,755,409	200,840	109,883	(1,546,365)	(319,448)				
Restricted							\$ 42,255	\$ 695,337	\$ 701,829	\$ 501,424
Committed							880,529			
Assigned							1,200,000	1,497,088	1,742,235	907,973
Unassigned	-	-	-	-	-	-	(1,922,560)	(1,089,306)	(1,135,984)	(1,089,951)
Total General Fund	<u>\$ 4,649,434</u>	<u>\$ 4,266,181</u>	<u>\$ 2,467,541</u>	<u>\$ 1,378,121</u>	<u>\$ 280,405</u>	<u>\$ 924,198</u>	<u>\$ 200,224</u>	<u>\$ 1,103,119</u>	<u>\$ 1,308,080</u>	<u>\$ 319,446</u>
All Other Governmental Funds										
Reserved	\$ 410,988	\$ 607,978				\$ 118,747				\$ 1,361,294
Unreserved		(256,998)	\$ 6,934	\$ (85,939)	\$ (63,065)	(77,274)				
Assigned							\$ 6,384	\$ 6,384		
Unassigned	-	-	-	-	-	-	(72,092)	(79,241)	\$ (103,206)	(101,565)
Total All Other Governmental Funds	<u>\$ 410,988</u>	<u>\$ 350,980</u>	<u>\$ 6,934</u>	<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>

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,

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Tax Levy	\$ 23,307,990	\$ 22,518,576	\$ 23,742,459	\$ 24,901,109	\$ 24,901,109	\$ 25,529,988	\$ 25,529,988	\$ 25,529,988	\$ 26,040,588	\$ 26,561,400
Tuition Charges	2,046,450	2,079,768	1,599,344	177,203	60,700	136,754	140,532	131,180	93,710	155,478
Miscellaneous	718,499	617,733	519,959	824,747	788,109	744,812	733,350	723,360	828,194	631,786
State Sources	17,581,469	19,534,036	21,491,058	22,582,714	23,224,549	26,194,212	23,970,549	25,283,438	27,472,900	26,997,291
Federal Sources	1,716,684	1,687,806	1,822,469	1,679,848	1,725,825	2,580,112	2,427,143	2,117,814	1,953,455	2,027,234
Total Revenue	45,371,092	46,437,919	49,175,289	50,165,621	50,700,292	55,185,878	52,801,562	53,785,780	56,388,847	56,373,189
Expenditures										
Instruction										
Regular Instruction	17,402,701	19,542,218	20,352,641	21,995,915	22,265,582	22,502,893	22,558,781	22,844,284	22,559,889	22,470,813
Special Education Instruction	8,550,251	9,095,337	9,448,312	8,541,384	8,775,752	8,808,248	9,066,171	9,359,371	9,221,704	9,899,547
Other Instruction	605,438	574,104	689,238	636,939	860,389	1,474,676	1,328,876	1,315,860	1,495,081	1,584,917
School Sponsored Act. & Athletics	381,985	455,281	482,574	450,178	549,089	580,852	641,874	717,003	686,889	688,135
Support Services:										
Student & Inst. Related Services	4,615,778	4,911,965	5,076,688	5,058,865	5,026,365	5,486,801	5,319,466	5,113,841	6,517,635	6,463,319
Attendance And Social Work	26,954	46,614	48,249	36,469	36,016	34,667	13,684	15,614	14,676	15,248
Educational Media/School Library	421,937	432,982	474,189	473,450	517,039	910,410	827,062	793,628	846,113	863,719
General Administration	1,094,883	994,449	1,017,232	1,089,945	1,063,583	1,739,419	1,007,148	1,077,023	1,083,309	3,554,869
School Administrative Services	2,565,295	2,932,354	3,107,391	3,453,016	3,404,824	2,853,823	3,516,794	3,291,172	3,488,786	1,008,878
Central Services and Info. Technology	928,285	1,032,039	1,105,366	1,182,846	1,182,145	945,827	947,809	926,381	966,820	831,260
Plant Operations And Maintenance	4,076,942	4,539,717	4,471,488	5,249,610	5,572,282	6,234,020	6,594,482	6,019,019	5,658,595	6,135,862
Pupil Transportation	1,250,343	1,378,583	1,430,521	1,361,262	1,438,994	1,309,384	1,218,102	1,293,255	1,317,886	1,475,021
Capital Outlay	439,472	920,537	3,488,542	1,682,495	968,074	1,454,032	557,468	123,583	2,356,852	1,007,300
Debt Service:										
Principal	510,427									
Interest And Other Charges	22,813									
Total Expenditures	42,893,504	46,856,180	51,192,431	51,212,374	51,660,134	54,335,052	53,597,717	52,890,034	56,214,235	55,998,888
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	2,477,588	(418,261)	(2,017,142)	(1,046,753)	(959,842)	850,826	(796,155)	895,746	174,612	374,301
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	227,332									
Transfers In			30,830		206,060	673,160	532,084	607,881	442,911	1,838,724
Transfers Out	(137,698)	(25,000)	(156,914)	(135,000)	(321,060)	(775,655)	(567,084)	(607,881)	(442,911)	(1,838,724)
Total Other Financing Sources (Uses)	89,634	(25,000)	(126,084)	(135,000)	(115,000)	(102,495)	(35,000)	-	-	-
Net Change In Fund Balances	\$ 2,567,222	\$ (443,261)	\$ (2,143,226)	\$ (1,181,753)	\$ (1,074,842)	\$ 748,331	\$ (831,155)	\$ 895,746	\$ 174,612	\$ 374,301
Debt Service As A Percentage Of										
Noncapital Expenditures	1.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial records

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

Fiscal Year Ended June 30,	Interest Earned	Athletic Account Receipts	Refunds/ Reimbursements	IEP Overhead Fee	Tuitions	Miscellaneous	Total
2005	\$ 177,036	\$ 8,867	\$ 13,910	\$ 189,419		\$ 240,245	\$ 629,477
2006	317,225	7,031	11,283	188,361		14,165	538,065
2007	214,456	8,435	11,212	179,349		19,253	432,705
2008	183,133	6,360	36,776	518,513		17,433	762,215
2009	74,573	6,565	41,946	575,000		69,182	767,266
2010	55,700	4,713	3,569	587,830		50,375	702,187
2011	34,560	6,194	26,438	587,830		40,664	695,686
2012	36,326	8,266	40,804	599,587		26,350	711,333
2013	33,519	7,914	55,707	611,579		62,317	771,036
2014	21,162	11,550	28,926	501,993	\$ 155,478	39,136	758,245

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2005	\$ 7,100,600	\$ 684,988,294			\$ 71,783,900	\$ 135,813,333	\$ 10,831,300	\$ 910,517,427		\$ 805,412	\$ 911,322,839	\$ 1,615,633,011	\$ 3
2006	7,836,700	690,561,994			71,877,700	134,436,033	11,502,200	916,214,627		678,906	916,893,533	1,825,449,474	3
2007	7,465,800	696,949,494			70,259,200	133,210,350	11,424,300	919,309,144		559,891	919,869,035	2,079,441,155	2.640
2008	7,756,600	699,587,544			69,550,600	126,967,050	11,424,300	915,286,094		527,632	915,813,726	2,325,586,817	2.721
2009	6,936,500	702,450,694			71,442,400	123,754,050	11,424,300	916,007,944		580,166	915,646,090	2,269,821,789	2.757
2010	6,950,500	699,658,344			70,854,900	121,231,700	11,460,300	910,155,744		580,329	910,736,073	1,971,040,914	2.804
2011	6,958,400	696,284,344			70,318,400	119,252,100	11,460,300	904,273,544		532,666	904,806,210	1,957,725,793	2.822
2012	7,252,000	692,384,900			71,551,800	115,782,200	11,460,300	898,431,200		765,641	899,196,841	1,717,316,350	2.869
2013	6,406,600	690,839,750			71,702,300	114,652,600	11,459,300	895,060,550		731,812	895,792,362	Not Available	2.937
2014	6,177,500	687,260,850			71,089,800	114,006,000	11,319,900	889,854,050		533,242	890,387,292	1,660,550,712	3.076

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	<u>Overlapping Rates</u>			Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Municipality	County	
2005	\$ 2.51	\$ 1.98	\$ 0.67	\$ 5.16
2006	2.52	2.58	0.71	5.81
2007	2.64	2.66	0.79	6.09
2008	2.70	2.89	0.90	6.49
2009	2.75	2.97	0.88	6.60
2010	2.804	3.147	0.931	6.882
2011	2.822	3.196	0.901	6.919
2012	2.869	3.257	0.952	7.078
2013	2.937	3.193	0.936	7.066
2014	3.076	3.245	0.960	7.281

Source: County Abstract of Ratables

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

	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
<u>Taxpayer</u>				
	INFORMATION NOT AVAILABLE		INFORMATION NOT AVAILABLE	
	\$ -	0.00%	\$ -	0.00%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 23,307,990	\$ 23,307,990	100.00%	N/A
2006	22,518,576	22,518,576	100.00%	N/A
2007	23,742,459	23,742,459	100.00%	N/A
2008	24,901,109	24,901,109	100.00%	N/A
2009	24,901,109	24,901,109	100.00%	N/A
2010	25,529,988	25,529,988	100.00%	N/A
2011	25,529,988	25,529,988	100.00%	N/A
2012	25,529,988	25,529,988	100.00%	N/A
2013	26,040,588	26,040,588	100.00%	N/A
2014	26,561,400	26,561,400	100.00%	N/A

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2005			-			-	21,354	
2006						-	21,242	
2007						-	21,127	
2008						-	21,124	
2009						-	21,260	
2010						-	21,442	
2011						-	21,524	
2012						-	21,603	
2013						-	21,787	
2014						-	N/A	

Source: District financial records

Note:

There was no outstanding debt in the governmental activities in fiscal year 2005 through 2014.

N/A - Information not available.

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

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

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, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township	\$ 5,076,642	175,600	\$ 4,901,042
	<u>\$ 5,076,642</u>	<u>\$ 175,600</u>	<u>4,901,042</u>
Overlapping Debt Apportioned to the Municipality:			
Union County			<u>15,112,389</u>
Total Direct and Overlapping Debt			<u>\$ 20,013,431</u>

Source:

(1) Township's 2013 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2013 equalized value by the total 2013 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 2013

	Equalized valuation basis
2013	\$ 1,715,873,186
2012	1,852,260,434
2011	1,970,460,585
	<u>\$ 5,538,594,205</u>
Average equalized valuation of taxable property	\$ 1,846,198,068
Debt limit (4 % of average equalization value)	73,847,923 ^a
Total Net Debt Applicable to Limit	-
Legal debt margin	<u>\$ 73,847,923</u>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 47,823,234	\$ 53,831,743	\$ 70,357,622	\$ 81,514,861	\$ 88,567,878	\$ 90,609,148	\$ 85,755,863	\$ 80,200,278	\$ 69,831,998	\$ 73,847,923
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 47,823,234</u>	<u>\$ 53,831,743</u>	<u>\$ 70,357,622</u>	<u>\$ 81,514,861</u>	<u>\$ 88,567,878</u>	<u>\$ 90,609,148</u>	<u>\$ 85,755,863</u>	<u>\$ 80,200,278</u>	<u>\$ 69,831,998</u>	<u>\$ 73,847,923</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

^a Limit set by 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>
2005	21,354	N/A	44,827	7.10%
2006	21,242	N/A	48,767	7.40%
2007	21,127	N/A	50,697	6.80%
2008	21,124	N/A	51,651	8.70%
2009	21,260	N/A	49,213	14.60%
2010	21,442	N/A	49,932	14.90%
2011	21,524	N/A	52,281	14.80%
2012	21,603	N/A	53,816	14.80%
2013	21,787	N/A	N/A	15.40%
2014	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)**

	2014		2004	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction							
Regular	254.7	246.7	269.6	264.2	253.7	234.0	229.0
Special education	56.0	55.5	57.0	51.2	57.1	57.1	56.2
Other special education							
Vocational							
Other instruction							
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Student & instruction related services	36.0	43.4	52.8	52.3	51.6	57.5	58.3
General administration	9.9	6.4	5.3	4.7	4.1	5.0	5.0
School administrative services	38.2	31.6	34.4	31.8	29.8	29.0	29.8
Other administrative services							
Central services	7.0	8.3	8.1	7.7	7.6	7.8	7.8
Administrative Information Technology	3.0	3.2	0.4	0.4	0.4	0.4	0.4
Plant operations and maintenance	65.0	68.8	69.3	72.3	69.9	77.9	66.0
Pupil transportation	4.5	7.0	7.5	11.0	7.4	10.5	10.5
Other support services				0.1	5.7	6.0	10.5
Special Schools							
Food Service	0.5	0.5	0.5	0.5	0.5	0.5	-
Child Care							
Total	<u>474.8</u>	<u>471.3</u>	<u>504.9</u>	<u>496.2</u>	<u>487.8</u>	<u>485.6</u>	<u>473.5</u>

Source: District Personnel Records

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

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2005	3,365	41,920,792	12,458	#REF!	304	1:14	1:12	1:11	3,365	3,031	-1.26%	90.07%
2006	3,301	45,935,643	13,916	11.70%	245	1:14	1:14	1:12	3,304	2,969	-1.81%	89.86%
2007	3,175	47,703,889	15,025	7.96%	271	1:13	1:10	1:11	3,175	2,996	-3.90%	94.36%
2008	3,106	49,529,879	15,947	6.14%	280	1:12	1:11	1:10	3,115	2,976	-1.89%	95.54%
2009	3,131	50,692,060	16,190	1.52%	295	1:12	1:10	1:9	3,131	2,933	0.51%	93.68%
2010	3,140	52,881,020	16,841	4.02%	328	1:11	1:9	1:8	3,140	2,914	0.29%	92.80%
2011	3,103	53,040,249	17,093	1.50%	312	1:11	1:9	1:8	3,103	2,933	-1.18%	94.52%
2012	3,121	52,766,451	16,907	-1.09%	295	1:12	1:11	1:9	3,121	2,966	0.58%	95.03%
2013	3,018	53,857,383	17,845	5.55%	223	1:19	1:12	1:10	3,018	2,812	-3.30%	93.17%
2014	3,007	55,167,628	18,346	2.81%	295	1:9.8	1:10.8	1:8.2	3,038	2,834	0.66%	93.29%

Sources: District records

a. Enrollment based on annual October district count.

b. Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay

c. Cost per pupil represents operating expenditures divided by enrollment

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>District Building</u>										
<u>Early Learning Center</u>										
A.P Morris/Early Childhood Center										
Square Feet	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861	131,861
Capacity (students)	774	774	774	774	775	775	775	775	775	775
Enrollment	839	794	812	837	865	612	614	688	644	653
<u>Elementary</u>										
Calvin Coolidge										
Square Feet	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Capacity (students)	152	152	152	152	153	153	153	153	153	153
Enrollment	226	209	195	175	199	199	195	201	214	204
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)	443	433	433	433	433	433	433	433	433	433
Enrollment	486	431	421	391	397	402	398	494	423	411
George Washington										
Square Feet	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080	37,080
Capacity (students)	320	320	320	320	330	330	330	330	330	330
Enrollment	321	336	295	299	304	295	356	260	246	217
Saybrook										
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)										
Enrollment		43	32	32						
APM Annex										
Square Feet						22,000	22,000	N/A	N/A	N/A
Capacity (students)						260	260	N/A	N/A	N/A
Enrollment						232	244	N/A	N/A	N/A
<u>Middle School</u>										
W.O. Krumbiegel										
Square Feet	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	526	483	473	458	457	452	443	660	693	701
<u>High School</u>										
Hillside High School										
Square Feet	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Capacity (students)	692	692	692	692	692	692	692	692	692	692
Enrollment	1,029	1,055	947	946	909	891	880	842	798	821
<u>Other</u>										
Administration Building										
Square Feet	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Number of Schools at June 30, 2014										
Early Learning Center = 1										
Elementary = 4										
Middle School = 1										
High School = 1										
Other = 1										

Source: District Records, ASSA

**HILLSIDE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXXX**

Project #(s)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
School Facilities										
Calvin Coolidge	\$ 55,374	\$ 62,076	\$ 55,019	\$ 148,291	\$ 120,488	\$ 140,199	\$ 38,770	\$ 91,029	\$ 145,549	\$ 110,896
Hurden Looker	90,025	124,840	82,189	230,107	133,321	214,919	270,582	93,510	123,229	175,272
Walter Krumbiegel	152,862	251,496	117,854	149,841	256,800	199,412	154,350	261,164	158,858	211,894
A.P. Morris	200,919	241,715	201,287	226,631	244,489	210,424	208,478	210,750	216,231	323,440
A.P. Morris Annex						56,562	23,981	-	-	-
George Washington	63,483	57,755	53,747	64,324	99,843	102,855	80,205	49,114	125,710	134,777
Hillside High School	264,282	249,090	221,163	345,727	407,198	430,940	681,035	910,999	395,337	582,576
Saybrook	17,191	15,549	14,846	28,578	25,621	21,813	12,451	13,992	39,877	20,029
Total School Facilities	844,136	1,002,521	746,105	1,193,499	1,287,760	1,377,124	1,469,852	1,630,558	1,204,791	1,558,884
Other Facilities										
Stadium	2,915	3,654	4,244	2,867	6,792	14,868	2,853	9,601	8,606	4,098
Administration	12,827	14,252	11,758	12,369	15,193	12,981	10,884	11,881	14,851	40,659
Total Other Facilities	15,742	17,906	16,002	15,236	21,985	27,849	13,737	21,482	23,457	44,757
Grand Total	\$ 859,878	\$ 1,020,427	\$ 762,107	\$ 1,208,735	\$ 1,309,745	\$ 1,404,973	\$ 1,483,589	\$ 1,652,040	\$ 1,228,248	\$ 1,603,641

Source: School District's Financial Statements

**HILLSIDE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2014
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Building and Contents	\$ 99,416,553	\$ 500
Comprehensive General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	500
Boiler and Machinery/System Breakdown	100,000,000	2,500
Business Computer (EDP)	2,173,000	2,500
Educator's Legal Liability	5,000,000	35,000
Flood - Zones A&V	25,000,000	
Flood - All Other Zones	10,000,000	
Earthquake	25,000,000	
Primary Umbrella (Excess of GL & Auto only)	5,000,000	
Excess Umbrella (Excess GL, Auto, and E&O)	50,000,000	
Public Employees' Dishonesty	500,000	1,000
Surety Bonds		
Treasurer	300,000	
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
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GARY W. HIGGINS, CPA, RMA, PSA
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VOLNEY V. JACKSON, CPA
CHYNNA C. DESTEFANO, CPA, PSA
KEVIN LOMSKI, CPA
EDWARD P. MURPHY, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Hillside Board of Education's basic financial statements and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

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

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

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

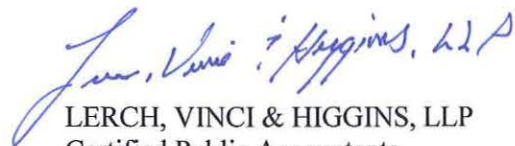
Compliance and Other Matters

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

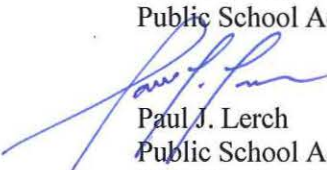
We noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Hillside Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 14, 2014.

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 14, 2014



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY
OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Hillside Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Hillside Board of Education's major federal and state programs for the fiscal year ended June 30, 2014. The Hillside Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hillside Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hillside Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Hillside Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned cost as item 2014-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The Hillside Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hillside Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Hillside Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hillside Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hillside Board of Education's internal control over compliance.

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


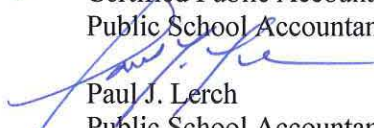
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

The Hillside Board of Education's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hillside Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hillside Board of Education, as of and for the fiscal year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 14, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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

Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 14, 2014

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2013	(A/R)	Unearned Rev)	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2014			Memo GAAP Receivable
						Carryover Amount	Carryover Amount					(Accounts Receivable)	Unearned Revenue/	Due to Grantor	
U.S. Department of Agriculture															
Passed-through State Department of Education															
National School Lunch Program-Non-Cash Assi	10.555	N/A	7/1/13-6/30/14	\$ 125,005				\$ 125,005	\$ 122,083				\$ 2,922		*
National School Lunch Program-Non-Cash Assi	10.555	N/A	7/1/12-6/30/13	93,291	\$ 3,125				3,125						*
National School Lunch Program-Cash Assistanc	10.555	N/A	7/1/13-6/30/14	750,310				593,395	750,310			\$ (156,915)			* \$ (156,915)
National School Lunch Program-Cash Assistanc	10.555	N/A	7/1/12-6/30/13	736,318	(56,228)			56,228							*
After School Snack	10.558	N/A	7/1/13-6/30/14	38,799	-			30,293	38,799			(8,506)			* (8,506)
After School Snack	10.558	N/A	7/1/12-6/30/13	22,258	(2,213)			2,213							*
Fresh Fruit and Vegetable	10.582	N/A	7/1/12-6/30/13	12,945	(2,969)			2,969	-						*
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	151,677	-			116,890	151,677			(34,787)			* (34,787)
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	129,694	(11,928)	-	-	11,928	-	-	-	-	-	-	* -
Total U.S. Department of Agriculture					(70,213)	-	-	938,921	1,065,994	-	-	(200,208)	2,922	-	* (200,208)
U.S. Department of Education passed-through State Department of Education															
General Fund															
Education Jobs Fund	84.410	N/A	7/1/12-6/30/13	104,932	(1,827)			1,827							*
Special Education Medicaid Initiative(SEMD)Pr	93.778	N/A	7/1/13-6/30/14	66,880	-	-	-	66,880	66,880	-	-	-	-	-	* -
					(1,827)	-	-	68,707	66,880	-	-	-	-	-	* -
Special Revenue Fund															
I.A.S.A. Consolidated Grant/NCLB															
Title I	84.010A	NCLB219009	9/1/13-6/30/14	664,968		\$(52,045)	\$ 52,045	462,239	611,244			(254,774)	105,769		* (254,774)
Title I	84.010A	NCLB219009	9/1/12-8/31/13	725,846	(134,595)	52,045	(52,045)	389,320	255,725	\$ 1,000					*
Title II	84.367A	NCLB219009	9/1/13-6/30/14	93,293		(49,324)	49,324	59,048	74,516			(83,569)	68,101		* (83,569)
Title II	84.367A	NCLB219009	9/1/12-8/31/13	95,295	(49,826)	49,324	(49,324)	76,434	41,206	14,598					*
Title III	84.365A	NCLB219009	9/1/13-6/30/14	68,757		(27,255)	27,255	30,174	55,949			(65,838)	40,063		* (65,838)
Title III	84.365A	NCLB219009	9/1/12-8/31/13	64,764	(18,095)	27,255	(27,255)	38,470	20,578	203					*
I.D.E.A. Part B															
Basic Regular	84.027	IDEA219009	9/1/13-6/30/14	790,341		(43,825)	43,825	674,468	794,750			(159,698)	39,416		* (159,698)
Basic Regular	84.027	IDEA219009	9/1/12-8/31/13	875,211	(70,746)	43,825	(43,825)	70,746							*
Preschool	84.173	IDEA219009	9/1/13-6/30/14	22,109					21,126			(22,109)	983		* (22,109)
Preschool	84.173	IDEA219009	9/1/12-8/31/13	24,695	(16,991)			16,991							*
Perkins Secondary	84.048	PERK0214	9/1/13-6/30/14	23,027				10,318	16,734			(12,709)		\$ 6,293	* (12,709)
Perkins Secondary	84.048	PERK0213	9/1/12-8/31/13	28,499	(11,020)	-	-	11,016	-	4	-	-	-	-	* -
Total U.S. Department of Education					(301,273)	-	-	1,839,224	1,891,828	15,805	-	(598,697)	254,332	6,293	* (598,697)
FEMA Disaster Grants - Public Assistance	97.036			17,471	(2,912)	-	-	2,912	-	-	-	-	-	-	-
Total U.S. Department of Homeland Security					(2,912)	-	-	2,912	-	-	-	-	-	-	* -
Total					\$(376,225)	\$ -	\$ -	\$ 2,849,764	\$ 3,024,702	\$ 15,805	\$ -	\$ (798,905)	\$ 257,254	\$ 6,293	* \$ (798,905)

Adjustments represent cancellation of prior year orders.

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

													Memo Only	
State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2014			GAAP Receivable	Cumulative Total Expenditures
										(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education														
General Fund														
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$19,007,900			\$ 17,127,671	\$ 19,007,900			\$ (1,880,229)		*	\$ 19,007,900	
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	19,021,554	\$(1,876,022)		1,876,022				-		*	-	
Categorical Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	1,798,099	-		1,620,136	1,798,099			(177,963)		*	1,798,099	
Categorical Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	1,793,269	(176,990)		176,990				-		*	-	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	97,953			88,258	97,953			(9,695)		*	97,953	
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	102,431	(10,110)		10,110				-		*	-	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	210,693			189,840	210,693			(20,853)		*	210,693	
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	197,391	(19,482)		19,482				-		*	-	
Under Adequacy Aid	14-495-034-5120-096	7/1/13-6/30/14	6,164			5,554	6,164			(610)		*	6,164	
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	500,903				500,903			(500,903)		*	500,903	
Extraordinary Special Education Costs Aid	13-100-034-5120-473	7/1/12-6/30/13	593,477	(593,477)		593,477				-		*	-	
Anit-Bullying Aid		7/1/13-6/30/14	1,310			1,310	1,310			-		*	1,310	
TPAF Pension - Post Ret. Medical	14-495-034-5095-001	7/1/13-6/30/14	1,556,949			1,556,949	1,556,949			-		*	1,556,949	
TPAF Pension - NCGI Premium	14-495-034-5095-006	7/1/13-6/30/14	77,018			77,018	77,018			-		*	77,018	
TPAF Pension - Normal Cost	14-495-034-5095-007	7/1/13-6/30/14	872,559			872,559	872,559			-		*	872,559	
TPAF - Social Security	14-100-034-5095-002	7/1/13-6/30/14	1,663,016			1,579,350	1,663,016			(83,666)		* \$	(83,666) 1,663,016	
TPAF - Social Security	13-100-034-5095-002	7/1/12-6/30/13	1,650,548	(81,111)	-	81,111	-	-	-	-	-	*	-	
Total General fund				(2,757,192)	-	25,875,837	25,792,564	-	-	(2,673,919)	-	-	* (83,666) 25,792,564	
Special Revenue Fund														
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	\$ 1,015,653			\$ 914,088	\$ 1,015,725	\$ 72		\$ (101,565)		*	\$ 1,015,725	
Preschool Education Aid	13-495-034-5120-086	7/1/12-6/30/13	1,032,070	\$(103,206)		103,206						*	-	
New Jersey Nonpublic Aid:														
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	4,169			4,169	4,061				\$ 108	*	4,061	
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	3,276	377					\$ 377		-	*	-	
Technology Initiative Aid	14-100-034-5120-373	7/1/13-6/30/14	1,520			1,520	1,464				56	*	1,464	
Technology Initiative Aid	13-100-034-5120-373	7/1/12-6/30/13	1,209	31					31		-	*	-	
Nursing Services	14-100-034-5120-070	7/1/13-6/30/14	5,867			5,867	5,858				9	*	5,858	
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	4,547	4,547					4,547		-	*	-	
Auxiliary Services:														
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	114,701			114,701	10,272				104,429	*	10,272	
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	103,674	92,805					92,805		-	*	-	
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	6,110			6,110	873				5,237	*	873	
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	5,968	5,115					5,115		-	*	-	
Transportation	14-100-034-5120-067	7/1/13-6/30/14	7,843			7,843	7,843				-	*	7,843	
Handicapped Services:														
Examination and Classification	14-100-034-5120-068	7/1/13-6/30/14	15,127			15,127	958				14,169	*	958	
Examination and Classification	13-100-034-5120-068	7/1/12-6/30/13	11,785	8,443					8,443		-	*	-	
Corrective Speech	14-100-034-5120-068	7/1/13-6/30/14	12,499			12,499	3,125				9,374	*	3,125	
Corrective Speech	13-100-034-5120-068	7/1/12-6/30/13	11,718	8,403					8,403		-	*	-	
Supplemental Instruction	14-100-034-5120-068	7/1/13-6/30/14	12,489			12,489	2,082				10,407	*	2,082	
Supplemental Instruction	13-100-034-5120-068	7/1/12-6/30/13	12,489	11,101					11,101		-	*	-	
Post School Outcomes		7/1/13-6/30/14	2,400	-	-	2,400	2,400	-	-	-	-	*	2,400	
Total Special Revenue Fund				27,616	-	1,200,019	1,054,661	\$ 72	130,822	(101,565)	-	143,789	* - 1,054,661	

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2013	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2014			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	\$ 17,324			\$ 12,967	\$ 17,324			\$ (4,357)			* \$ (4,357)	\$ 17,324
National School Lunch Program	13-100-010-3350-023	7/1/12-6/30/13	17,603	\$ (2,307)		2,307							* -	-
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	17,542	(121)	-	-	-	-	-	(121)	-	-	* (121)	-
Total Enterprise Fund				(2,428)	-	15,274	17,324	-	-	(4,478)	-	-	* (4,478)	17,324
State of New Jersey Educational Facilities Construction and Financing														
Window Replacement - Hillside High School	2190-050-14-1012	N/A	\$ 755,681				27,480			(755,681)	\$ 728,201		* (755,681)	27,480
Upgrade Security at Main Entrance Hillside High School	2190-050-14-1005	N/A	299,785				10,840			(299,785)	288,945		* (299,785)	10,840
Walter O. Krumbiegel Middle School	2190-085-14-1008	N/A	88,517				3,896			(88,517)	84,621		* (88,517)	3,896
Hurden-Looker Elementary	2190-080-14-1007	N/A	313,789				9,496			(313,789)	304,293		* (313,789)	9,496
AP Morris Early Childhood Center	2190-090-14-1009	N/A	121,962				4,600			(121,962)	117,362		* (121,962)	4,600
George Washington Elementary School	2190-110-14-1010	N/A	177,703	-	-	-	6,584	-	-	(177,703)	171,119	-	* (177,703)	6,584
Total Capital Projects Fund				-	-	-	62,896	-	-	(1,757,437)	1,694,541	-	* (1,757,437)	62,896
Grand Total				(2,732,004)	-	27,091,130	26,927,445	\$ 72	\$ 130,822	(4,537,399)	1,694,541	\$ 143,789	* (1,845,581)	26,927,445
Less On-Behalf TPAF Pension and Annuity Aid														
TPAF Pension - Post Ret. Medical	14-495-034-5095-001	7/1/13-6/30/14	1,556,949			1,556,949	1,556,949			-			* -	1,556,949
TPAF Pension - NCGI Premium	14-495-034-5095-006	7/1/13-6/30/14	77,018			77,018	77,018			-			* -	77,018
TPAF Pension - Normal Cost	14-495-034-5095-007	7/1/13-6/30/14	872,559	-	-	872,559	872,559	-	-	-	-	-	* -	872,559
				-	-	2,506,526	2,506,526	-	-	-	-	-	* -	2,506,526
Total for State Financial Assistance Determination				\$ (2,732,004)	\$ -	\$ 24,584,604	\$ 24,420,919	\$ 72	\$ 130,822	\$ (4,537,399)	\$ 1,694,541	\$ 143,789	* \$(1,845,581)	\$ 24,420,919

**HILLSIDE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 an increase of \$85,828 for the general fund and an increase of \$85,871 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	\$ 66,880	\$ 25,878,392	\$ 25,945,272
Special Revenue Fund	1,960,354	1,056,003	3,016,357
Capital Projects Fund		62,896	62,896
Food Service Fund	<u>1,065,994</u>	<u>17,324</u>	<u>1,083,318</u>
Total Financial Assistance	<u>\$ 3,093,228</u>	<u>\$ 27,014,615</u>	<u>\$ 30,107,843</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, 2014**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,663,016 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, 2014. The amount reported as TPAF Pension System Contributions in the amount of \$949,577 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,556,949 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2014.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>NCLB - Title I</u>
<u>84.367</u>	<u>NCLB - Title II</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.558</u>	<u>After School Snack</u>
<u>10.553</u>	<u>School Breakfast Program</u>

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

Auditee qualified as low-risk auditee? yes X no

State Awards Section

Identification of major programs:

GMIS Number(s)	Name of State Program
14-495-034-5120-078	Equalization Aid
14-495-034-5120-089	Categorical Special Education Aid
14-495-034-5120-084	Security Aid
14-495-034-5120-086	Preschool Aid
14-100-634-5095-002	TPAF - Social Security

Auditee qualified as low-risk auditee?	yes	X	no
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**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2014-001:

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

State program Information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or Specific Requirement:

State of New Jersey State Aid/Grant Compliance Supplement.

Condition:

Student counts claimed on the ASSA as On-Roll, Special Education and Low Income did not always agree with student counts reflected on supporting workpapers and applicable documentation.

Questioned Costs:

Unknown.

Context:

The following variances were noted during our audit of the ASSA:

On-Roll

- The District reported 2,993 students on roll. The supporting workpapers show 3,007. The class registers show 3,010.

Low Income

- The District reported 1,521 students as eligible for free lunch. The supporting workpapers reflect 1,476.
- The District reported 432 students as eligible for reduced lunch. The supporting workpapers reflect 435.

**HILLSIDE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2014-001 (Continued):

Cause:

Unknown.

Effect:

Student counts reported on the ASSA did not accurately reflect actual student counts as reflected in supporting workpapers and documentation.

Recommendation:

Internal controls be enhanced to ensure that documentation is updated and in agreement with students reported on the Application for State School Aid.

Management's Response:

Management has reviewed this finding and has indicated that corrective action will be taken.

**HILLSIDE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04, as amended.

STATUS OF PRIOR YEAR FINDINGS

There were none.