

**SCHOOL DISTRICT
OF THE
BOROUGH OF HILLSDALE**

**Borough of Hillsdale School District
Hillsdale, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Borough of Hillsdale School District

Hillsdale, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Borough of Hillsdale School District
Board of Education**

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors.....	6

FINANCIAL SECTION..... 7

Independent Auditors' Report.....	8
Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements.....	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
B-4 Statement of Net Position – Proprietary Funds.....	33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	34
B-6 Statement of Cash Flows – Proprietary Funds.....	35
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	36
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds	37
Notes to the Basic Financial Statements.....	38

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	67
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	67
L-2 Schedule of District Contributions – Public Employees Retirement System	68
L-3 Schedule of District's Proportionate Share of the Net Pension Liability – Teachers' Pension and Annuity Fund.....	69
Notes to Required Supplementary Information.....	70
C. Budgetary Comparison Schedules (Unaudited).....	71
C-1 Budgetary Comparison Schedule – General Fund.....	72

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules (Unaudited) (Cont'd)	
C-2 Combining Budgetary Schedule – Special Revenue Fund	84
C-3 Budgetary Comparison Schedule- Note to Required Supplementary Information.....	85

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....	87
E. Special Revenue Fund	88
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	89
E-2 Preschool Education Aid Schedule of Expenditures Special Revenue Fund – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	93
F-1 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	94
G. Proprietary Funds.....	95
Enterprise Fund:	
G-1 Statement of Net Position	96
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	97
G-3 Statement of Cash Flows	98
H. Fiduciary Funds	99
H-1 Combining Statement of Fiduciary Net Position	100
H-2 Statement of Changes in Fiduciary Net Position	101
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements.....	102
H-4 Student Activity Agency Fund Statement of Activity	103
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements	104
I. Long-Term Debt.....	105
I-1 Schedule of Serial Bonds	106
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited).....	107

STATISTICAL SECTION

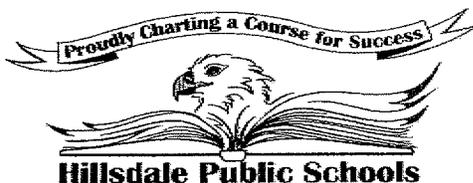
J. Statistical Schedules (Unaudited).....	108
J-1 Net Position by Component.....	109
J-2 Changes in Net Position.....	110
J-3 Fund Balances – Governmental Funds	112
J-4 Changes in Fund Balances – Governmental Funds	113
J-5 General Fund Other Local Revenue by Source	115
J-6 Assessed Value and Actual Value of Taxable Property.....	116
J-7 Direct and Overlapping Property Tax Rates	117
J-8 Principal Property Taxpayers.....	118
J-9 Property Tax Levies and Collections.....	119

BOROUGH OF HILLSDALE SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

FINANCIAL SECTION (Cont'd)

J-10	Ratios of Outstanding Debt by Type	120
J-11	Ratios of Net General Bonded Debt Outstanding	121
J-12	Ratios of Overlapping Governmental Activities Debt.....	122
J-13	Legal Debt Margin Information.....	123
J-14	Demographic and Economic Statistics	124
J-15	Principal Employers (Not Applicable).....	125
J-16	Full-Time Equivalent District Employees by Function/Program	126
J-17	Operating Statistics.....	127
J-18	School Building Information	128
J-19	Schedule of Required Maintenance for School Facilities.....	129
J-20	Insurance Schedule	130
K.	SINGLE AUDIT SECTION.....	131
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	132
K-2	Report on Compliance for Each Major State Program; Report on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08.....	134
	Schedule of Expenditures of Federal Awards.....	136
	Schedule of Expenditures of State Awards.....	138
	Notes to the Schedules of Expenditures of Federal and State Awards	140
	Schedule of Findings and Questioned Costs.....	142
	Summary Schedule of Prior Audit Findings	144

INTRODUCTORY SECTION



LIRCA GARCIA
BUSINESS ADMINISTRATOR/BOARD SECRETARY
lgarcia@hillsdaleschools.com

32 RUCKMAN ROAD
HILLSDALE, NJ 07642
201-664-4512
Fax 201-664-9049

November 20, 2015

The Honorable President and Members of
the Board of Education
Borough of Hillsdale School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Hillsdale School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All 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 Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Borough of Hillsdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Borough of Hillsdale School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 1,253 students, which is a decrease of 52 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Borough of Hillsdale School District
Page 2
November 20, 2015

2) **ECONOMIC CONDITION AND OUTLOOK:** The Borough of Hillsdale is almost fully developed and has not experienced nor does it expect to experience any significant growth in the immediate future. The District has had an approximate increase in enrollment of 215 students since the 1999-2000 school year but that consistent growth pattern is beginning to stabilize throughout the District. The Board of Education completed a building expansion project in September 2004 to accommodate the additional enrollment growth.

School objectives were developed in concert with School Level Planning Committees and a wide range of student activities continued throughout the schools.

3) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2015.

5) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

The Honorable President and Members of
 the Board of Education
 Borough of Hillsdale School District
 Page 3
 November 20, 2015

6) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution 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.

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

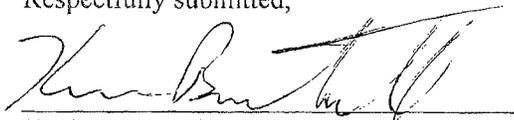
The Board is a member of the Northeast Bergen County School Board Insurance Group (the "Group"). The Group is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Group is included in Note 10 to the Basic Financial Statements.

8) OTHER INFORMATION:

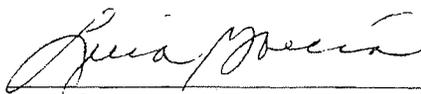
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Hillsdale School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

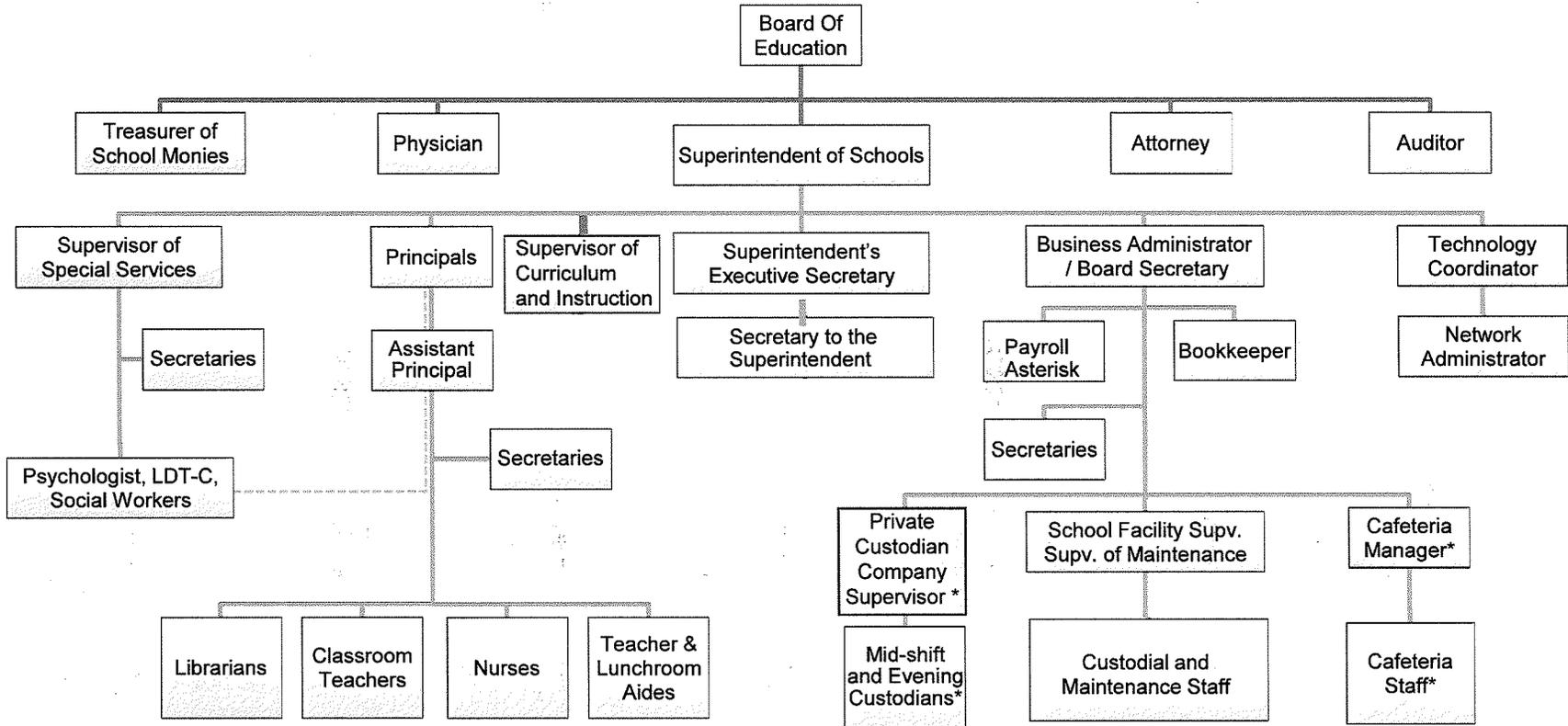


Kevin Brentnall
 Superintendent



Lirca Garcia
 Business Administrator/Board Secretary

Organization Chart



* Independent Contractor

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
James D. Hayden, Jr., President (Until 2/6/15)	2016
Maryann Martino, Vice President (Until 1/1/15)	2015
Kathleen E. O'Flynn , President (From 2/6/15 to 6/30/15)	2015
Timothy R. Santo, Vice President (From 1/1/15 to 6/30/15)	2015
Krista Flinn	2015
Shane Svorec	2015
Salvatore Sileo	2015

Other OfficialsTitle

Richard A. Spirito	Superintendent of Schools July to December 2014
Raymond J. Albano	Interim Superintendent January to June 2015
Lirca R. Garcia	Board Secretary/School Business Administrator
Kelly Ippolito	Treasurer of School Monies

BOROUGH OF HILLSDALE SCHOOL DISTRICT
Consultants and Advisors

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Official Depositories

Capital One
Westwood Office
Westwood, NJ 07675

State of New Jersey Cash Management Fund
Division of Investment
Department of the Treasury
Trenton, NJ 08625

FINANCIAL SECTION



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
County of Bergen, 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 Borough of Hillsdale School District (the "District") in the County of Bergen, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' 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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Hillsdale School District, in the County of Bergen, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 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 District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
Page 3

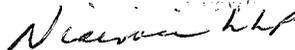
The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the District'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 District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 20, 2015


NISIVOCIA LLP


Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**BOROUGH OF HILLSDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

This section of Borough of Hillsdale School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* adopted in June, 1999. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

Financial Highlights

- The District's financial status improved during the fiscal year.
- Overall revenue was \$26,059,951.
- Overall expenses were \$25,258,747.
- Actual General Fund local revenue was \$23,016 lower than expected.
- The District's outstanding long-term debt decreased due to the pay-down of \$595,000 of general obligation bonds.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of the Board of Education of the Borough of Hillsdale's Financial Report

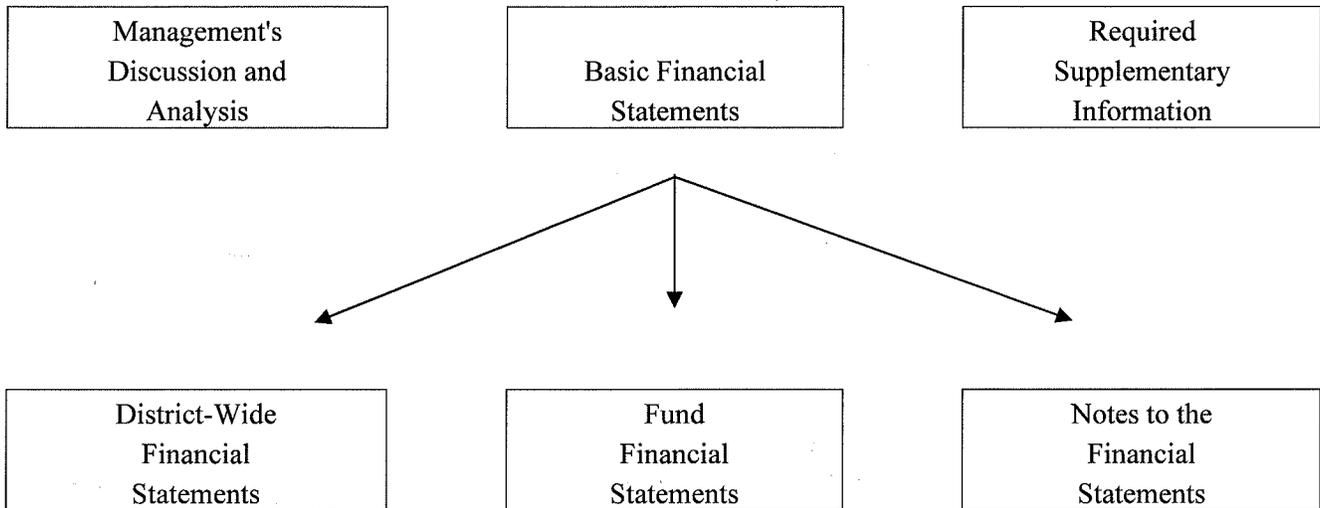


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets 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 and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

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 establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

Provide additional information essential to full understanding of District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the totals. The depreciation factored into the District's net position for 2014/2015 is \$517,202. This same amount is also factored in as an expense in the current year's financial statements. A second factor affecting the net position was the pay-down of long-term debt in the amount of \$595,000 which decreased debt and increased net position.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014/15
	2014/15	2013/2014*	2014/15	2013/2014	2014/15	2013/2014*	
Current and Other Assets	\$ 3,665,335	\$ 3,455,466	\$ 89,701	\$ 82,891	\$ 3,755,036	\$ 3,538,357	6.12%
Capital Assets, Net	14,958,957	14,897,427	27,843	31,820	14,986,800	14,929,247	0.39%
Total Assets	<u>18,624,292</u>	<u>18,352,893</u>	<u>117,544</u>	<u>114,711</u>	<u>18,741,836</u>	<u>18,467,604</u>	1.48%
Deferred Outflows of Resources	<u>352,696</u>				<u>352,696</u>		100.00%
Long-Term Debt Outstanding	9,581,992	10,024,479			9,581,992	10,024,479	-4.41%
Other Liabilities	394,371	388,577	11,808	16,105	406,179	404,682	0.37%
Total Liabilities	<u>9,976,363</u>	<u>10,413,056</u>	<u>11,808</u>	<u>16,105</u>	<u>9,988,171</u>	<u>10,429,161</u>	-4.23%
Deferred Inflows of Resources	<u>266,714</u>				<u>266,714</u>		100.00%
Net Position:							
Net Investment in Capital Assets	10,968,957	10,312,427	27,843	31,820	10,996,800	10,344,247	6.31%
Restricted	1,428,241	1,970,339			1,428,241	1,970,339	-27.51%
Unrestricted	<u>(3,663,287)</u>	<u>(4,342,929)</u>	<u>77,893</u>	<u>66,786</u>	<u>(3,585,394)</u>	<u>(4,276,143)</u>	16.15%
Total Net Position	<u>\$ 8,733,911</u>	<u>\$ 7,939,837</u>	<u>\$ 105,736</u>	<u>\$ 98,606</u>	<u>\$ 8,839,647</u>	<u>\$ 8,038,443</u>	9.97%

*Restated

Changes in Net Position. The District's *combined* net position was \$8,839,647 on June 30, 2015, \$801,204 or 9.97% more than the prior year (See Figure A-3). Property taxes increased as a result of increases expected in operating costs and debt service for serial bonds. The net position of the business-type activities increased \$7,130 (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014/15
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Revenue:							
Program Revenue:							
Charges for Services			\$ 201,275	\$ 222,363	\$ 201,275	\$ 222,363	-9.48%
Grants and Contributions:							
Operating	\$ 5,892,191	\$ 3,375,324	74,034	71,674	5,966,225	3,446,998	73.08%
General Revenue:							
Property Taxes	19,812,069	19,482,653			19,812,069	19,482,653	1.69%
Federal and State Aid Not Restricted	37,670	39,517			37,670	39,517	-4.67%
Other	42,388	95,244	324	419	42,712	95,663	-55.35%
Total Revenue	<u>25,784,318</u>	<u>22,992,738</u>	<u>275,633</u>	<u>294,456</u>	<u>26,059,951</u>	<u>23,287,194</u>	11.91%
Expenses:							
Instruction	15,393,902	12,256,447			15,393,902	12,256,447	25.60%
Pupil and Instruction Services	4,371,670	4,567,598			4,371,670	4,567,598	-4.29%
Administrative and Business	1,989,808	2,072,418			1,989,808	2,072,418	-3.99%
Maintenance and Operations	2,170,695	2,035,440			2,170,695	2,035,440	6.65%
Transportation	470,899	456,756			470,899	456,756	3.10%
Other	593,270	625,062	268,503	295,750	861,773	920,812	-6.41%
Total Expenses	<u>24,990,244</u>	<u>22,013,721</u>	<u>268,503</u>	<u>295,750</u>	<u>25,258,747</u>	<u>22,309,471</u>	13.22%
Increase/(Decrease) in Net Position	<u>\$ 794,074</u>	<u>\$ 979,017</u>	<u>\$ 7,130</u>	<u>\$ (1,294)</u>	<u>\$ 801,204</u>	<u>\$ 977,723</u>	-18.05%

Revenue Sources. The District's total revenue for the 2014/2015 school year was \$26,059,951 (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$19,812,069 of the total, or 76.02% (See Figure A-5). Another 23.05% came from state and federal aid and the remainder from miscellaneous sources and charges for services.

Figure A-5
Sources of Revenue for Fiscal Year 2015

Sources of Income:	Amount	Percentage
Operating Grants and Contributions	\$ 3,827,253	14.70%
Property Taxes	19,812,069	76.02%
Federal and State Unrestricted Aid	2,176,642	8.35%
Charges for Services	201,275	0.77%
Other	42,712	0.16%
	<u>\$ 26,059,951</u>	<u>100.00%</u>

The total cost of all programs and services was \$25,258,747. The District's expenses are predominantly related to instructing, caring for (pupil and instruction services) and transporting students (See Figure A-6). The District's administrative and business activities accounted for 7.88% of total costs.

Figure A-6
Expenses for Fiscal Year 2015

Expense Category:	Amount	Percentage
Instruction	\$ 15,393,902	60.95%
Pupil and Instruction Services	4,371,670	17.31%
Administrative and Business	1,989,808	7.88%
Maintenance and Operations	2,170,695	8.59%
Transportation	470,899	1.86%
Other	861,773	3.41%
	\$ 25,258,747	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved in this past year. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. In recent years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost saving items during the year were:

- Region II, a joint venture with other area school districts, provides all of the transportation routes to out-of-District special education schools.
- The District has utilized aides to assist the special education students and provide more support for those students.
- Standard practice has been to maintain lower costs by seeking competitive proposals each year for services.

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 15,393,902	\$ 12,256,447	\$10,141,653	\$ 9,716,850
Pupil and Instruction Services	4,371,670	4,567,598	3,964,221	3,852,298
Administrative and Business	1,989,808	2,072,418	1,795,319	1,989,515
Maintenance and Operations	2,170,695	2,035,440	2,170,695	2,035,440
Transportation	470,899	456,756	432,895	419,233
Other	593,270	625,062	593,270	625,062
	<u>\$ 24,990,244</u>	<u>\$ 22,013,721</u>	<u>\$ 19,098,053</u>	<u>\$ 18,638,398</u>

- The cost of all governmental activities this year was \$24,990,244.
- The federal and state governments subsidized certain programs with grants and contributions (\$3.79 million).
- Most of the District's costs were financed by District taxpayers.

Business-Type Activities

Net position from the District's business-type activity increased \$7,130 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenues exceeded expenses by \$7,130, accounting for the entire increase in the net position of the business-type activities. The Food Services Management company continues to improve the food product and the delivery of that product to the students and faculty with the goal of increasing participation in the school lunch program.

Financial Analysis of the District's Funds

The District's financial position improved due to significant changes in the student clientele and despite difficult economic times. Expenditures during the recent year increased significantly in tuition, related services and capital outlay despite the Districts concerted effort to control costs.

Difficult economic times have had a direct impact upon the District's revenue sources. Interest from General Fund investments remained unfavorable as compared to years past. Ratables in the municipality decrease, thus generating concern for the local tax levy in the future.

These factors are likely to continue for the next few years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into three categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- The preparation of the 2014/2015 budget was difficult as a result of rising costs and the state mandated lower fund balance position of the District. This resulted in the need for numerous line item transfers during the year.
- Allowable appropriations of fund balance.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change 2014/15
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Land	\$ 4,748,166	\$ 4,748,166			\$ 4,748,166	\$ 4,748,166	0.00%
Work in Progress	46,452	107,321			46,452	107,321	100.00%
Land and Improvements	20,436	23,184			20,436	23,184	-11.85%
Buildings and Building Improvements	9,550,219	9,837,828			9,550,219	9,837,828	-2.92%
Machinery and Equipment	593,684	180,928	\$ 27,843	\$ 31,820	621,527	212,748	192.14%
Total Capital Assets	\$ 14,958,957	\$ 14,897,427	\$ 27,843	\$ 31,820	\$ 14,986,800	\$ 14,929,247	0.39%

The increase in capital assets is due to depreciation totaling \$513,225 the acquisition of equipment as well as building and land improvements. More detailed information about the District's capital assets is presented in Note 6 to the Basic Financial Statements.

Long-term Debt

At year-end, the District had \$3,990,000 in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.

Figure A-9
Outstanding Long-Term Debt

	Total School District		Total Percentage Change 2014/15
	2014/15	2013/14*	
General Obligation Bonds (Financed with Property Taxes), Net	\$ 3,990,000	\$ 4,585,000	-12.98%
Net Pension Liabilities	4,475,480	4,317,600	3.66%
Other Liabilities	1,116,512	1,121,879	-0.48%
	\$ 9,581,992	\$ 10,024,479	-4.41%

*Restated

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstance that could significantly affect its financial health in the future:

- The District continues to deal with increasing costs and increasing state mandates.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and 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 you have questions about this report or need additional financial information, contact the Board of Education Office, Hillsdale, New Jersey.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,656,109	\$ 82,434	\$ 2,738,543
Receivables From State Government	127,635	211	127,846
Receivables From Federal Government	50,782	3,906	54,688
Receivables - Other	16,734		16,734
Inventory		3,150	3,150
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	814,075		814,075
Capital Assets, Net:			
Sites (Land)	4,748,166		4,748,166
Work in Progress	46,452		46,452
Depreciable Land Improvements Buildings and Building Improvements and Machinery and Equipment	10,164,339	27,843	10,192,182
Total Assets	<u>18,624,292</u>	<u>117,544</u>	<u>18,741,836</u>
DEFERRED OUTFLOW OF RESOURCES			
Changes in Assumptions - Pensions	140,733		140,733
Changes in Proportions - Pensions	211,963		211,963
Total Deferred Outflows of Resources	<u>352,696</u>		<u>352,696</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable - Vendors	241,515	11,808	253,323
Accrued Interest Payable	63,986		63,986
Payable to State Government	54,979		54,979
Unearned Revenue	33,891		33,891
Noncurrent Liabilities:			
Due Within One Year	658,352		658,352
Due Beyond One Year	8,923,640		8,923,640
Total Liabilities	<u>9,976,363</u>	<u>11,808</u>	<u>9,988,171</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	266,714		266,714
Total Deferred Inflows of Resources	<u>266,714</u>		<u>266,714</u>
NET POSITION			
Net Investment in Capital Assets	10,968,957	27,843	10,996,800
Restricted for:			
Capital Reserve	814,075		814,075
Other Purposes	614,166		614,166
Unrestricted	(3,663,287)	77,893	(3,585,394)
Total Net Position	<u>\$ 8,733,911</u>	<u>\$ 105,736</u>	<u>\$ 8,839,647</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS
STATEMENT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 11,373,913		\$ 3,255,317	\$ (8,118,596)		\$ (8,118,596)
Special Education	3,588,169		1,861,924	(1,726,245)		(1,726,245)
Other Special Instruction	298,466		80,084	(218,382)		(218,382)
Other Instruction	133,354		54,924	(78,430)		(78,430)
Support Services:						
Tuition	696,820		269,635	(427,185)		(427,185)
Student & Instruction Related Services	3,645,631		137,814	(3,507,817)		(3,507,817)
General Administrative Services	434,410			(434,410)		(434,410)
School Administrative Services	1,019,201		194,489	(824,712)		(824,712)
Central Services	413,524			(413,524)		(413,524)
Administration Information Technology	122,673			(122,673)		(122,673)
Plant Operations and Maintenance	2,170,695			(2,170,695)		(2,170,695)
Pupil Transportation	470,899		38,004	(432,895)		(432,895)
Special Schools	29,219			(29,219)		(29,219)
Capital Outlay	129,642			(129,642)		(129,642)
Interest on Long-Term Debt	71,891			(71,891)		(71,891)
Unallocated Depreciation	391,737			(391,737)		(391,737)
Total Governmental Activities	24,990,244		5,892,191	(19,098,053)		(19,098,053)

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:						
Food Service	\$ 268,503	\$ 201,275	\$ 74,034		\$ 6,806	\$ 6,806
Total Business-Type Activities	268,503	201,275	74,034		6,806	6,806
Total Primary Government	\$ 25,258,747	\$ 201,275	\$ 5,966,225	\$ (19,098,053)	6,806	(19,091,247)
General Revenues:						
Taxes:						
				19,084,895		19,084,895
				727,174		727,174
				37,670		37,670
				42,388	324	42,712
Total General Revenues				19,892,127	324	19,892,451
Change in Net Position				794,074	7,130	801,204
Net Position - Beginning -Restated				7,939,837	98,606	8,038,443
Net Position - Ending				\$ 8,733,911	\$ 105,736	\$ 8,839,647

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,584,952	\$ 70,717		\$ 440	\$ 2,656,109
Interfund Receivables	13,614				13,614
Receivables From State Government	127,635				127,635
Receivables From Federal Government		50,782			50,782
Receivables - Other		3,120			3,120
Restricted Cash and Cash Equivalents	814,075				814,075
Total Assets	<u>\$ 3,540,276</u>	<u>\$ 124,619</u>	<u>\$ -0-</u>	<u>\$ 440</u>	<u>\$ 3,665,335</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 192,416	\$ 49,099			\$ 241,515
Payable to State Government		54,979			54,979
Unearned Revenue	13,350	20,541			33,891
Total Liabilities	<u>205,766</u>	<u>124,619</u>			<u>330,385</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	814,075				814,075
Excess Surplus	214,563				214,563
Excess Surplus - For Subsequent Year's Expenditures	398,790			\$ 277	399,067
Restricted, Reported in:					
Debt Service				163	163
Assigned:					
Encumbrances	1,053,311				1,053,311
Designated for Subsequent Year's Expenditures	527,514				527,514
Unassigned	326,257				326,257
Total Fund Balances	<u>3,334,510</u>			<u>440</u>	<u>3,334,950</u>
Total Liabilities and Fund Balances	<u>\$ 3,540,276</u>	<u>\$ 124,619</u>	<u>\$ -0-</u>	<u>\$ 440</u>	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

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 \$27,812,777 and the accumulated depreciation is \$12,853,820.	\$ 14,958,957
Interest on Long-Term Debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(63,986)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,475,480)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Changes in Assumptions - Pensions	140,733
Changes in Proportions - Pensions	211,963
Investments in Gains - Pensions	(266,714)
Long-Term Liabilities, Including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	<u>(5,106,512)</u>
Net Position of Governmental Activities	<u>\$ 8,733,911</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 19,084,895			\$ 727,174	\$ 19,812,069
Tuition	20,600				20,600
Transportation	27,280				27,280
Interest on Capital Reserve	3,284				3,284
Miscellaneous	11,820	\$ 216,145	\$ 4		227,969
Total - Local Sources	19,147,879	216,145	4	727,174	20,091,202
State Sources	2,913,827	218,506		5,097	3,137,430
Federal Sources		416,715			416,715
Total Revenues	22,061,706	851,366	4	732,271	23,645,347
EXPENDITURES					
Current:					
Regular Instruction	6,868,712				6,868,712
Special Education Instruction	1,780,320	602,331			2,382,651
Other Special Instruction	176,454				176,454
Other Instruction	84,377				84,377
Support Services and Undistributed Costs:					
Tuition	447,785	249,035			696,820
Student & Instruction Related Services	3,024,974				3,024,974
General Administrative Services	385,227				385,227
School Administrative Services	687,743				687,743
Central Services	312,115				312,115
Administration Information Technology	109,135				109,135
Plant Operations and Maintenance	1,995,186				1,995,186
Pupil Transportation	448,859				448,859
Unallocated Benefits	4,874,075				4,874,075

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES					
Debt Service:					
Principal				\$ 595,000	\$ 595,000
Interest and Other Charges				146,858	146,858
Special Schools	\$ 23,657				23,657
Capital Outlay	704,397				704,397
Total Expenditures	21,923,016	\$ 851,366		741,858	23,516,240
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	138,690	-0-	\$ 4	(9,587)	129,107
OTHER FINANCING SOURCES/(USES)					
Transfers In	4				4
Transfers Out			(4)		(4)
Total Other Financing Sources/(Uses)	4	-0-	(4)		
Net Change in Fund Balances	138,694			(9,587)	129,107
Fund Balance—July 1	3,195,816			10,027	3,205,843
Fund Balance—June 30	\$ 3,334,510	\$ -0-	\$ -0-	\$ 440	\$ 3,334,950

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 129,107
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
	Depreciation expense	\$ (513,225)
	Capital outlays	<u>574,755</u>
		61,530
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Changes in Net Pension Liability		(157,880)
Deferred Outflows:		
Changes in Assumptions		140,733
Changes in Proportions		211,963
Deferred Inflows:		
Net Difference between projected and actual investment earnings on Pension Plan Investments		(266,714)
		(71,898)
Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		595,000
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		74,968
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>5,367</u>
Change in Net Position of Governmental Activities		<u>\$ 794,074</u>

Exhibit B-4

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 82,434
Accounts Receivable:	
Federal	3,906
State	211
Inventories	<u>3,150</u>
Total Current Assets	<u>89,701</u>
Non- Current Assets:	
Capital Assets:	
Capital Assets	39,776
Less: Accumulated Depreciation	<u>(11,933)</u>
Total Non- Current Assets	<u>27,843</u>
Total Assets	<u>117,544</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable-Vendors	<u>11,808</u>
Total Liabilities	<u>11,808</u>
NET POSITION:	
Net Investment in Capital Assets	27,843
Unrestricted	<u>77,893</u>
Total Net Position	<u><u>\$ 105,736</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Charges for Services:	
Daily Sales:	
School Lunch Program	\$ 199,652
Special Events	1,623
	<hr/>
Total Operating Revenue	201,275
	<hr/>
Operating Expenses:	
Cost of Sales	114,963
Salaries, Benefits and Payroll Taxes	122,498
Supplies and Materials	11,400
Miscellaneous Expenses	15,664
Depreciation Expense	3,978
	<hr/>
Total Operating Expenses	268,503
	<hr/>
Operating (Loss)	(67,228)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	55,131
Food Distribution Program	15,893
State Sources:	
School Lunch Program	3,010
Local Sources:	
Interest Revenue	324
	<hr/>
Total Non-Operating Revenue	74,358
	<hr/>
Change in Net Position	7,130
	<hr/>
Net Position - Beginning of Year	98,606
	<hr/>
Net Position - End of Year	\$ 105,736
	<hr/> <hr/>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 201,275
Payments to Food Service Vendor	(244,674)
Payments to Suppliers	<u>(7,422)</u>
Net Cash (Used for) Operating Activities	<u>(50,821)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>324</u>
Net Cash Provided by Investing Activities	<u>324</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	55,561
State Sources	<u>3,240</u>
Net Cash Provided by Noncapital Financing Activities	<u>58,801</u>
Net Increase in Cash and Cash Equivalents	8,304
Cash and Cash Equivalents, July 1	<u>74,130</u>
Cash and Cash Equivalents, June 31	<u><u>\$ 82,434</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (67,228)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	3,978
Federal Food Distribution Program	15,893
Changes in Assets and Liabilities:	
Decrease/(Increase) in Inventories	833
Increase/(Decrease) in Accounts Payable	<u>(4,297)</u>
Net Cash (Used for) Operating Activities	<u><u>\$ (50,821)</u></u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$15,893 for the fiscal year ended June 30, 2015.

Exhibit B-7

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 98,316	\$ 68,820	\$ 2,813
Total Assets	<u>98,316</u>	<u>68,820</u>	<u>2,813</u>
LIABILITIES:			
Accounts Payable - Vendors	7,685		
Interfund Payable	13,614		
Due to Student Groups	<u>77,017</u>		
Total Liabilities	<u>98,316</u>	<u>-0-</u>	<u>-0-</u>
NET POSITION:			
Held in Trust for Unemployment Claims and Other Purposes		<u>68,820</u>	<u>2,813</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 68,820</u>	<u>\$ 2,813</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:		
Contributions:		
Board Contribution Plan Member	\$ 29,792	\$ 4,737
Investment Earnings:		
Interest	244	1
Total Additions	30,036	4,738
DEDUCTIONS:		
Quarterly Contribution Reports	20,741	
Flex Spending Claims		2,800
Change in Net Position	9,295	1,938
Net Position - Beginning of the Year	59,525	875
Net Position - End of the Year	\$ 68,820	\$ 2,813

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Hillsdale School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools located within the Borough of Hillsdale. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources not accounted for and reported in another fund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Flexible Spending Trust.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Budget amendments during the year ended June 30, 2015 were numerous but not considered significant.

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 22,064,568	\$ 708,032
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		143,334
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	76,890	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(79,752)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 22,061,706	\$ 851,366

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,923,016	\$ 708,032
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		143,334
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,923,016	\$ 851,366

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of government units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost, including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	30 years
Land Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

In the District-wide Statement of Net Position, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$3,334,510 General Fund fund balance at June 30, 2015, \$1,053,311 is assigned for encumbrances; \$814,075 is restricted in the capital reserve account; \$398,790 is prior year excess surplus and has been appropriated and included as anticipated revenue for the year ended June 30, 2016; \$215,376 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017 \$527,514 is designated for subsequent years expenditures; and \$325,444 is unassigned which is \$79,752 less than calculated unassigned fund balance on a GAAP basis, due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2015 is \$440; which is restricted and \$277 of this amount has been appropriated and included as anticipated revenue for the year ended June 30, 2016.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school Districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus of \$614,166 at June 30, 2015.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$79,752 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record those payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the two final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned. Fund balance restrictions have been established for excess surplus, capital reserve, and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2015.

R. Deficit Fund Balances/Net Position

The District has a deficit in unrestricted net position of \$3,663,287 in governmental activities, which is primarily due to accrued interest payable of \$63,986, \$1,116,512 of compensated absences payable, investment gains in pensions of \$266,714, changes in proportion in pensions of \$211,963, and net pension liability of \$4,475,480; net of \$527,514 of fund balance assigned for subsequent year's expenditures, \$1,053,311 assigned for encumbrances and changes in pension assumptions of \$140,733. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the deferred amount on changes in assumptions in pensions. The District had deferred outflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Net Position: (Cont'd)

depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The GASB requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its formal cash management plan, the Board ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Board limits its investments to those authorized in its formal cash management plan which are those permitted under state statute as detailed below.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Checking Accounts	\$ 2,894,190	\$ 814,075	\$ 3,708,265
State of New Jersey Cash Management Fund	14,302		14,302
	<u>\$ 2,908,492</u>	<u>\$ 814,075</u>	<u>\$ 3,722,567</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015 was \$3,722,567 and the bank balance was \$4,227,367. The \$14,302 in the State of New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution by inclusion of \$1 on September 25, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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-5.1(d) 7, the balance in the account 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 ending June 30, 2015 is as follows:

Beginning Balance, July 1, 2014	\$ 1,000,665
Interest Earnings	3,284
Increase per Board Resolution	600,000
Transfers to Capital Outlay per Board Resolutions	<u>(789,874)</u>
Ending Balance, June 30, 2015	<u>\$ 814,075</u>

The June 30, 2015 Capital Reserve Account balance does not exceed the local support costs of uncompleted capital projects in the District's Long Range Facilities Plan ("LRFP"). The withdrawals from capital reserve account were for use in DOE approved facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District made transfers to the capital outlay accounts, which did not need County Superintendent approval. These transfers were made to fund projects that were part of the long range facilities plan for the telephone system upgrade, and the current year roof project which they started in June of 2015.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 4,748,166			\$ 4,748,166
Work in Progress	107,321	\$ 46,452	\$ (107,321)	46,452
Total Capital Assets Not Being Depreciated	4,855,487	46,452	(107,321)	4,794,618
Capital Assets Being Depreciated:				
Land Improvements	27,482			27,482
Buildings and Building Improvements	19,261,883	80,250		19,342,133
Machinery and Equipment	3,093,170	448,053	107,321	3,648,544
Total Capital Assets Being Depreciated	22,382,535	528,303	107,321	23,018,159
Governmental Activities Capital Assets	27,238,022	574,755		27,812,777
Less Accumulated Depreciation for:				
Land Improvements	(4,298)	(2,748)		(7,046)
Buildings and Building Improvements	(9,424,055)	(367,859)		(9,791,914)
Machinery and Equipment	(2,912,242)	(142,618)		(3,054,860)
	(12,340,595)	(513,225)		(12,853,820)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 14,897,427	\$ 61,530	\$ -0-	\$ 14,958,957
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 39,776			\$ 39,776
Less Accumulated Depreciation	(7,956)	\$ (3,977)		(11,933)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 31,820	\$ (3,977)	\$ - 0 -	\$ 27,843

The District is currently getting a new roof put on the school. The District encumbered \$613,374 for the roof project which will be added to the capital asset records in the 2015/2016 school year. A portion of the roof project done in June was paid for in July 2015, in the amount of \$46,452 which is included as construction in progress in the table above.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 19,214
Administrative Services	40,227
Plant Operations and Maintenance	47,925
Pupil Transportation	14,122
Unallocated	391,737
	\$ 513,225

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2014</u>	<u>Added</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2015</u>
Serial Bonds Payable	\$ 4,585,000		\$ 595,000	\$ 3,990,000
Compensated Absences Payable	1,121,879	\$ 11,857	17,224	1,116,512
Net Pension Liability	4,317,600	157,880		4,475,480
	<u>\$ 10,024,479</u>	<u>\$ 169,737</u>	<u>\$ 612,224</u>	<u>\$ 9,581,992</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and are liquidated through the debt service fund.

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
06/15/2017	3.30%	\$ 500,000
07/15/2023	3.00%-4.00%	3,490,000
		<u>\$3,990,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 605,000	\$ 279,662	\$ 884,662
2017	595,000	244,438	839,438
2018	370,000	208,788	578,788
2019	385,000	179,788	564,788
2020	400,000	148,800	548,800
Thereafter: 2021-2024	<u>1,635,000</u>	<u>259,611</u>	<u>1,894,611</u>
	<u>\$ 3,990,000</u>	<u>\$ 1,321,087</u>	<u>\$ 5,311,087</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District did not enter into any capital leases as of June 30, 2015.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences is \$1,053,160. The current portion of this liability is \$63,352.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Food Service Fund.

The compensated absence payable will be liquidated through the General Fund.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$4,475,480. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Continued)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$196,945 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$4,475,480 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Salary Increases:

2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate (Cont'd)

which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 5,630,306	\$ 4,475,480	\$ 3,505,720

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$516,534 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,655,506.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$49,350,227. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.092%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>49,350,227</u>
Total	\$	<u><u>49,350,227</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$2,655,506 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2015	\$ (130,688,498)
2016	(130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	304,620,646
There after	761,551,612
	<u>\$ 543,418,266</u>

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.25%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Entities	0.00%	6.39%
Small CAP U.S. Entities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2014</u>		
	1%	Current	1%
	Decrease (3.68%)	Discount Rate (4.68%)	Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$ 53,813,067,539	\$ 44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$22,213 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$40,679 for the fiscal year ended June 30, 2015.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired education employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of the post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$819,999, \$640,465 and \$683,535 for 2015, 2014 and 2013 respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

Property, Liability and Health Benefits

The Borough of Hillsdale School District is a member of the Northeast Bergen County School Board Insurance Group, (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected. As a member of the Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

Total Assets	\$ 25,219,616
Net Position	\$ 16,531,754
Total Revenue	\$ 12,384,255
Total Expenses	\$ 9,783,929
Change in Net Position	\$ 2,600,326
Member Dividends	\$ 1,300,000

Financial statements for the Group are available at the Group's Executive Director's Office:

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 244	\$ 29,792	\$ 20,741	\$ 68,820
2013-2014	-0-	384	7,891	42,777	59,525
2012-2013	-0-	470	18,215	22,944	94,027

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balance remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 13,614	
Fiduciary Fund		\$ 13,614
	<u>\$ 13,614</u>	<u>\$ 13,614</u>

The interfund receivable in General Fund and the interfund payable in the Fiduciary Fund represents the balance of Payroll Agency due to General Fund for the retro-active payroll.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
Lincoln Investment

MetLife Resources

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the School District on a predetermined, agreed-upon schedule.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The Board is periodically involved in claims or lawsuits arising in the normal course of business, including claims regarding employment matters. The Board does not believe that the ultimate outcome of these cases will have a material adverse effect on the District's financial position.

Grant Programs

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the District is not

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Grant Programs (Cont'd)

aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

Governmental Funds		
General Fund	Special Revenue Fund	Total
\$ 1,053,311	\$ 6,440	\$ 1,059,751

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$6,440 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
<u>Statement of Net Position:</u>			
<u>Liabilities:</u>			
Non-Current Liabilities	\$ 1,121,878	\$ 4,317,600	\$ 5,439,478
Total Liabilities	6,095,456	4,317,600	10,413,056
<u>Net Position:</u>			
Unrestricted/(Deficit)	(25,329)	(4,317,600)	(4,342,929)
Total Net Position	12,257,437	(4,317,600)	7,939,837

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

L-1

BOROUGH OF HILLSDALE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0225910570%	0.0239039844%
District's proportionate share of the net pension liability	\$ 4,317,600	\$ 4,475,480
District's covered employee payroll	\$ 1,548,981	\$ 1,470,730
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	278.74%	304.30%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 170,219	\$ 197,061
Contributions in relation to the contractually required contribution	<u>(170,219)</u>	<u>(197,061)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,548,981	\$ 1,470,730
Contributions as a percentage of covered employee payroll	10.99%	13.40%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-3

BOROUGH OF HILLSDALE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0935530562%	0.0923353276%
State's proportionate share of the net pension liability attributable to the District	\$ 47,280,979	\$ 49,350,227
District's covered employee payroll	\$ 9,479,403	\$ 9,120,841
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	498.78%	541.07%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,084,895		\$ 19,084,895	\$ 19,084,895	
Tuition	28,000		28,000	20,600	\$ (7,400)
Transportation Fees from Individuals	18,000		18,000	27,280	9,280
Interest Earned on Capital Reserve Funds		\$ 30,000	30,000	3,284	(26,716)
Miscellaneous	40,000	(30,000)	10,000	11,820	1,820
Total - Local Sources	<u>19,170,895</u>		<u>19,170,895</u>	<u>19,147,879</u>	<u>(23,016)</u>
State Sources:					
Extraordinary Special Education Costs Aid	134,266		134,266	68,353	(65,913)
Extraordinary Special Education Costs Aid- Excess Prior Year				1,011	1,011
Categorical Special Education Aid	715,195		715,195	715,195	
Equalization Aid	12,167		12,167	12,167	
Categorical Security Aid	20,423		20,423	20,423	
Categorical Transportation Aid	31,235		31,235	31,235	
Other State Aid	49,119		49,119	49,119	
Nonpublic School Transportation Costs				6,786	6,786
TPAF Pension Payments (On-Behalf - Non-Budgeted)				516,534	516,534
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				819,999	819,999
TPAF Social Security (Reimbursed - Non-Budgeted)				675,867	675,867
Total State Sources	<u>962,405</u>		<u>962,405</u>	<u>2,916,689</u>	<u>1,954,284</u>
TOTAL REVENUES	<u>20,133,300</u>		<u>20,133,300</u>	<u>22,064,568</u>	<u>1,931,268</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 486,358	\$ (15,173)	\$ 471,185	\$ 417,195	\$ 53,990
Grades 1-5 - Salaries of Teachers	2,942,906	(156,439)	2,786,467	2,774,259	12,208
Grades 6-8 - Salaries of Teachers	2,941,370	(8,470)	2,932,900	2,824,941	107,959
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000	10,975	13,975	13,625	350
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	626,739	6,493	633,232	539,530	93,702
Purchased Professional - Educational Services	16,000	(4,800)	11,200	6,140	5,060
Other Purchased Services (400-500 series)	1,250		1,250	566	684
General Supplies	196,117	21,005	217,122	191,041	26,081
Textbooks	87,780	(1,302)	86,478	83,583	2,895
Other Objects	25,027		25,027	17,832	7,195
Total Regular Programs - Instruction	<u>7,326,547</u>	<u>(147,711)</u>	<u>7,178,836</u>	<u>6,868,712</u>	<u>310,124</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	165,938	(3,490)	162,448	132,433	30,015
Other Salaries for Instruction	81,457	5,896	87,353	87,352	1
General Supplies		4,990	4,990	4,527	463
Total Learning and/or Language Disabilities	<u>247,395</u>	<u>7,396</u>	<u>254,791</u>	<u>224,312</u>	<u>30,479</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,215,014	130,089	1,345,103	1,345,102	1
Total Resource Room/Resource Center	<u>1,215,014</u>	<u>130,089</u>	<u>1,345,103</u>	<u>1,345,102</u>	<u>1</u>
Auditory Impairments:					
Other Purchased Services (400-500 series)	5,901		5,901	5,901	
Total Auditory Impairments	<u>5,901</u>		<u>5,901</u>	<u>5,901</u>	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Disabilities - Part-time:					
Salaries of Teachers	\$ 120,612	\$ 23,332	\$ 143,944	\$ 143,943	\$ 1
Other Salaries for Instruction	82,531	(20,112)	62,419	53,147	9,272
Pre-School Services		5,400	5,400	5,400	
General Supplies	6,286		6,286	2,515	3,771
Total Preschool Disabilities - Part-time	<u>209,429</u>	<u>8,620</u>	<u>218,049</u>	<u>205,005</u>	<u>13,044</u>
Total Special Education Instruction	<u>1,677,739</u>	<u>146,105</u>	<u>1,823,844</u>	<u>1,780,320</u>	<u>43,524</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	74,533	22,927	97,460	97,460	
General Supplies	500	(500)			
Total Basic Skills/Remedial - Instruction	<u>75,033</u>	<u>22,427</u>	<u>97,460</u>	<u>97,460</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	80,764	(1,427)	79,337	78,762	575
General Supplies	600		600	232	368
Total Bilingual Education - Instruction	<u>81,364</u>	<u>(1,427)</u>	<u>79,937</u>	<u>78,994</u>	<u>943</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	21,000	15,134	36,134	36,134	
Supplies and Materials	5,000	(1,229)	3,771	579	3,192
Total School-Sponsored Cocurricular Activities - Instruction	<u>26,000</u>	<u>13,905</u>	<u>39,905</u>	<u>36,713</u>	<u>3,192</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 37,843		\$ 37,843	\$ 35,451	\$ 2,392
Purchased Services (300-500 series)	5,000		5,000	3,659	1,341
Supplies and Materials	5,000		5,000	2,415	2,585
Total School-Sponsored Cocurricular Athletics - Instruction	<u>47,843</u>		<u>47,843</u>	<u>41,525</u>	<u>6,318</u>
Community Service Programs:					
Salaries	5,000	\$ 6,958	11,958	6,139	5,819
Total Community Service Programs	<u>5,000</u>	<u>6,958</u>	<u>11,958</u>	<u>6,139</u>	<u>5,819</u>
Total Instruction	<u>9,239,526</u>	<u>40,257</u>	<u>9,279,783</u>	<u>8,909,863</u>	<u>369,920</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	403,294	(84,412)	318,882	316,651	2,231
Tuition to Private Schools for the Disabled - Within the State	62,675	65,545	128,220	114,989	13,231
Other Tuition	27,400	(11,254)	16,146	16,145	1
Total Undistributed Expenditures - Instruction:	<u>493,369</u>	<u>(30,121)</u>	<u>463,248</u>	<u>447,785</u>	<u>15,463</u>
Attendance and Social Work Services:					
Salaries	24,188	1,279	25,467	25,467	
Purchased Professional and Technical Services	5,150		5,150	4,940	210
Total Attendance and Social Work Services	<u>29,338</u>	<u>1,279</u>	<u>30,617</u>	<u>30,407</u>	<u>210</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 222,432	\$ (1,279)	\$ 221,153	\$ 217,136	\$ 4,017
Purchased Professional and Technical Services	10,422		10,422	8,891	1,531
Supplies and Materials	12,893	1,875	14,768	11,027	3,741
Total Health Services	<u>245,747</u>	<u>596</u>	<u>246,343</u>	<u>237,054</u>	<u>9,289</u>
Speech, OT, PT and Related Services:					
Salaries	319,681	19,451	339,132	339,131	1
Purchased Professional - Educational Services	18,946	20,000	38,946	37,028	1,918
Supplies and Materials	4,000		4,000		4,000
Total Speech, OT, PT and Related Services	<u>342,627</u>	<u>39,451</u>	<u>382,078</u>	<u>376,159</u>	<u>5,919</u>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	285,621	(16,629)	268,992	254,870	14,122
Total Other Support Services - Students - Extraordinary Services	<u>285,621</u>	<u>(16,629)</u>	<u>268,992</u>	<u>254,870</u>	<u>14,122</u>
Guidance:					
Salaries of Other Professional Staff	391,455	(3,840)	387,615	382,779	4,836
Salaries of Secretarial and Clerical Assistants	72,755		72,755	67,489	5,266
Total Guidance	<u>464,210</u>	<u>(3,840)</u>	<u>460,370</u>	<u>450,268</u>	<u>10,102</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 591,651	\$ (18,074)	\$ 573,577	\$ 523,749	\$ 49,828
Salaries of Secretarial and Clerical Assistants	87,785	1,207	88,992	88,342	650
Purchased Professional - Educational Services	250,336	1,483	251,819	226,417	25,402
Purchased Professional and Technical Services	84,385	15,384	99,769	99,769	
Supplies and Materials	8,750	(1,500)	7,250	4,591	2,659
Other Objects	7,200		7,200	6,557	643
Total Child Study Teams	1,030,107	(1,500)	1,028,607	949,425	79,182
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	97,280		97,280	71,250	26,030
Salaries of Other Professional Staff	71,050		71,050	69,928	1,122
Other Purchased Services	23,194	947	24,141	23,093	1,048
Supplies and Materials	2,348	(651)	1,697	157	1,540
Total Improvement of Instructional Services	193,872	296	194,168	164,428	29,740
Educational Media Services/School Library:					
Salaries	239,289	5,279	244,568	232,123	12,445
Salaries of Technology Coordinators	87,040		87,040	86,955	85
Purchased Professional and Technical Services	9,900	(916)	8,984	8,129	855
Other Purchased Services	2,000		2,000	537	1,463
Supplies and Materials	13,400	(675)	12,725	9,572	3,153
Other Objects	231,787	(4,172)	227,615	191,000	36,615
Total Educational Media Services/School Library	583,416	(484)	582,932	528,316	54,616

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 49,500	\$ 5,473	\$ 54,973	\$ 27,048	\$ 27,925
Other Objects	8,000		8,000	6,999	1,001
Total Instructional Staff Training Services	57,500	5,473	62,973	34,047	28,926
Support Services - General Administration:					
Salaries	249,792		249,792	209,179	40,613
Legal Services	43,872		43,872	25,415	18,457
Audit Fees	37,875		37,875	35,875	2,000
Architectural/Engineering Services	20,000	(3,961)	16,039		16,039
Other Purchased Professional Services	28,340	505	28,845	19,489	9,356
Communications/Telephone	165,098	(466)	164,632	56,628	108,004
BOE Other Purchased Services	4,000		4,000	2,620	1,380
Other Purchased Services (400-500 series)	12,720	2,921	15,641	14,941	700
General Supplies	10,385		10,385	5,967	4,418
BOE In- House Training/Meeting Supplies	3,563		3,563	788	2,775
Miscellaneous Expenditures	9,470		9,470	5,081	4,389
BOE Membership Dues and Fees	10,500		10,500	9,244	1,256
Total Support Services - General Administration	595,615	(1,001)	594,614	385,227	209,387
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	447,487	(21,086)	426,401	385,050	41,351
Salaries of Other Professional Staff	68,000	13,971	81,971	81,971	
Salaries of Secretarial and Clerical Assistants	203,665	8,412	212,077	212,076	1
Other Purchased Services (400-500 series)	7,400	(545)	6,855	5,507	1,348
Supplies and Materials	11,765	(1,187)	10,578	3,139	7,439
Total Support Services - School Administration	738,317	(435)	737,882	687,743	50,139

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 317,342	\$ (18,500)	\$ 298,842	\$ 250,391	\$ 48,451
Purchased Technical Services	10,000	18,130	28,130	24,040	4,090
Miscellaneous Purchased Services (400-500 series)	14,652	1,279	15,931	15,042	889
Supplies and Materials	20,395	1,274	21,669	20,654	1,015
Miscellaneous Expenditures	9,000	(2,183)	6,817	1,988	4,829
Total Central Services	<u>371,389</u>		<u>371,389</u>	<u>312,115</u>	<u>59,274</u>
Administration Information Technology:					
Salaries	51,138		51,138	50,938	200
Purchased Technical Services	85,000		85,000	58,197	26,803
Total Administration Information Technology	<u>136,138</u>		<u>136,138</u>	<u>109,135</u>	<u>27,003</u>
Required Maintenance of School Facilities:					
Salaries	118,429	603	119,032	119,031	1
Cleaning, Repair and Maintenance Services	233,534	17,065	250,599	232,357	18,242
General Supplies	52,616	14,023	66,639	48,788	17,851
Other Objects		300	300	300	
Total Required Maintenance of School Facilities	<u>404,579</u>	<u>31,991</u>	<u>436,570</u>	<u>400,476</u>	<u>36,094</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 315,131	\$ 9,132	\$ 324,263	\$ 315,290	\$ 8,973
Salaries of Non-Instructional Aides	113,460	5,125	118,585	105,626	12,959
Purchased Professional and Technical Services	9,300	(4,656)	4,644	4,500	144
Cleaning, Repair and Maintenance Services	615,370	(9,315)	606,055	588,056	17,999
Insurance	134,700		134,700	113,823	20,877
General Supplies	100,990	(3,192)	97,798	95,934	1,864
Energy (Natural Gas)	320,678	(13,616)	307,062	114,759	192,303
Energy (Electricity)	297,534		297,534	237,051	60,483
Energy (Gasoline)	13,500	(6,927)	6,573	5,003	1,570
Other Objects	16,759	1,177	17,936	14,668	3,268
Total Custodial Services	<u>1,937,422</u>	<u>(22,272)</u>	<u>1,915,150</u>	<u>1,594,710</u>	<u>320,440</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	29,365	4,312	33,677	33,677	
Contracted Services:					
Between Home and School - Vendors	174,805	300	175,105	172,255	2,850
Other Than Between Home and School - Vendors	21,030	(758)	20,272	20,272	
Special Education Students - Joint Agreements	259,387		259,387	188,719	70,668
Aid in Lieu Payments-Nonpublic Students	39,679	(3,973)	35,706	33,936	1,770
Supplies and Materials	839		839	839	
Total Student Transportation Services	<u>525,105</u>	<u>(119)</u>	<u>524,986</u>	<u>448,859</u>	<u>76,127</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 237,087		\$ 237,087	\$ 219,104	\$ 17,983
Other Retirement Contributions - PERS	232,748	\$ (35,000)	197,748	196,945	803
Other Retirement Contributions - Regular	19,196	21,483	40,679	40,679	
Workmen's Compensation	105,000	(9,292)	95,708	95,708	
Health Benefits	2,666,924	(31,613)	2,635,311	2,224,449	410,862
Other Employee Benefits	74,969	9,821	84,790	84,790	
Total Unallocated Benefits	<u>3,335,924</u>	<u>(44,601)</u>	<u>3,291,323</u>	<u>2,861,675</u>	<u>429,648</u>
On-Behalf Contributions:					
TPAF Pension Payments (On-Behalf - Non-Budgeted)				516,534	(516,534)
TPAF Post Retirement Benefits (On-Behalf - Non-Budgeted)				819,999	(819,999)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				675,867	(675,867)
Total On-Behalf Contributions				<u>2,012,400</u>	<u>(2,012,400)</u>
Total Personal Services - Employee Benefits	<u>3,335,924</u>	<u>(44,601)</u>	<u>3,291,323</u>	<u>4,874,075</u>	<u>(1,582,752)</u>
Total Undistributed Expenses	<u>11,770,296</u>	<u>(41,916)</u>	<u>11,728,380</u>	<u>12,285,099</u>	<u>(556,719)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>21,009,822</u>	<u>(1,659)</u>	<u>21,008,163</u>	<u>21,194,962</u>	<u>(186,799)</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	\$ 7,100		\$ 7,100		\$ 7,100
Grades 6-8	5,000		5,000		5,000
Undistributed Expenditures:					
Administrative Information Technology	14,084	\$ (4,991)	9,093		9,093
Required Maintenance for School Facilities	78,135	4,991	83,126	\$ 80,250	2,876
Operation and Maintenance of Plant Services	147		147		147
Total Equipment	<u>104,466</u>		<u>104,466</u>	<u>80,250</u>	<u>24,216</u>
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	22,229	105,999	128,228	108,009	20,219
Construction Services	425,818	684,874	1,110,692	494,505	616,187
Assessment for Debt Service on SDA Funding	21,633	21,633	43,266	21,633	21,633
Total Facilities Acquisition and Construction Services	<u>469,680</u>	<u>812,506</u>	<u>1,282,186</u>	<u>624,147</u>	<u>658,039</u>
TOTAL CAPITAL OUTLAY	<u>574,146</u>	<u>812,506</u>	<u>1,386,652</u>	<u>704,397</u>	<u>682,255</u>
SPECIAL SCHOOLS:					
Summer School - Instruction:					
Salaries of Teachers	14,000	(2,244)	11,756	11,756	
Other Salaries for Instruction	9,000	2,901	11,901	11,901	
Total Summer School - Instruction	<u>23,000</u>	<u>657</u>	<u>23,657</u>	<u>23,657</u>	
TOTAL SPECIAL SCHOOLS	<u>23,000</u>	<u>657</u>	<u>23,657</u>	<u>23,657</u>	
TOTAL EXPENDITURES	<u>21,606,968</u>	<u>811,504</u>	<u>22,418,472</u>	<u>21,923,016</u>	<u>495,456</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,473,668)</u>	<u>(811,504)</u>	<u>(2,285,172)</u>	<u>141,552</u>	<u>2,426,724</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Operating Transfer In:					
Interest Earned in Capital Projects Fund				\$ 4	\$ 4
Total Other Financing Sources				4	4
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (1,473,668)	\$ (811,504)	\$ (2,285,172)	141,556	2,426,728
Fund Balance, July 1	3,272,706		3,272,706	3,272,706	
Fund Balance, June 30	\$ 1,799,038	\$ (811,504)	\$ 987,534	\$ 3,414,262	\$ 2,426,728
Recapitulation:					
Restricted for Excess Surplus				\$ 214,563	
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditures				398,790	
Capital Reserve				814,075	
Assigned:					
Year End Encumbrances				1,053,311	
Designated for Subsequent Year's Expenditures				527,514	
Unassigned Fund Balance				406,009	
				3,414,262	
Reconciliation to Governmental Fund Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(79,752)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,334,510	

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 81,168	\$ 81,168	\$ 81,168	
State Sources		262,402	262,402	207,423	\$ (54,979)
Federal Sources	\$ 230,000	207,613	437,613	419,441	(18,172)
Total Revenues	<u>230,000</u>	<u>551,183</u>	<u>781,183</u>	<u>708,032</u>	<u>(73,151)</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries		32,737	32,737	32,737	
Purchased Professional and Technical Services		22,645	22,645	22,645	
Tuition	230,000	37,207	267,207	249,035	18,172
General Supplies		49,995	49,995	49,995	
Textbooks		20,615	20,615	20,188	427
Other Objects		11,912	11,912	11,909	3
Total Instruction	<u>230,000</u>	<u>175,111</u>	<u>405,111</u>	<u>386,509</u>	<u>18,602</u>
Support Services:					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services		94,969	94,969	94,969	
Other Purchased Services		197,138	197,138	142,589	54,549
Supplies and Materials		2,797	2,797	2,797	
Other Objects		81,168	81,168	81,168	
Total Support Services		<u>376,072</u>	<u>376,072</u>	<u>321,523</u>	<u>54,549</u>
Total Expenditures	<u>230,000</u>	<u>551,183</u>	<u>781,183</u>	<u>708,032</u>	<u>73,151</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 22,064,568	\$ 708,032
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the related Revenue is Recognized.		143,334
State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Purposes	76,890	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(79,752)	
	<u>\$ 22,061,706</u>	<u>\$ 851,366</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,923,016	\$ 708,032
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		143,334
	<u>\$ 21,923,016</u>	<u>\$ 851,366</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		

BOROUGH OF HILLSDALE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ending June 30, 2015, was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>			<u>IDEA</u>
	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Part B Basic</u>
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 39,715	\$ 32,925	\$ 3,581	\$ 315,273
Total Revenue	<u>39,715</u>	<u>32,925</u>	<u>3,581</u>	<u>315,273</u>
EXPENDITURES:				
Instruction:				
Salaries				
Purchased Professional and Technical Services	8,000	14,645		
Tuition				249,035
General Supplies	31,715	18,280		
Textbooks				
Other Objects				
Total Instruction	<u>39,715</u>	<u>32,925</u>		<u>249,035</u>
Support Services:				
Purchased Professional & Technical Services			784	66,238
Other Purchased Services				
Supplies and Materials			2,797	
Other Objects				
Total Support Services			<u>3,581</u>	<u>66,238</u>
Total Expenditures	<u>\$ 39,715</u>	<u>\$ 32,925</u>	<u>\$ 3,581</u>	<u>\$ 315,273</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA	Nonpublic Auxiliary Services (Chapter 192)		Nonpublic Handicapped Services (Chapter 193)	
	Preschool	Compensatory Education	ESL	Supplementary Instruction	Examination and Classification
REVENUE:					
Local Sources					
State Sources					
Federal Sources	\$ 27,947	\$ 55,181	\$ 2,649	\$ 22,207	\$ 32,955
Total Revenue	<u>27,947</u>	<u>55,181</u>	<u>2,649</u>	<u>22,207</u>	<u>32,955</u>
EXPENDITURES:					
Instruction:					
Salaries					
Purchased Professional and Technical Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction					
Support Services:					
Purchased Professional & Technical Services	27,947				
Other Purchased Services		55,181	2,649	22,207	32,955
Supplies and Materials					
Other Objects					
Total Support Services	<u>27,947</u>	<u>55,181</u>	<u>2,649</u>	<u>22,207</u>	<u>32,955</u>
Total Expenditures	<u>\$ 27,947</u>	<u>\$ 55,181</u>	<u>\$ 2,649</u>	<u>\$ 22,207</u>	<u>\$ 32,955</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Nonpublic Handicapped Services (Chapter 193) Corrective Speech	Nonpublic			Local Grants
		Technology	Textbook	Nursing	
REVENUE:					
Local Sources					\$ 81,168
State Sources	\$ 29,597	\$ 11,069	\$ 20,188	\$ 33,577	
Federal Sources					
Total Revenue	<u>29,597</u>	<u>11,069</u>	<u>20,188</u>	<u>33,577</u>	<u>81,168</u>
EXPENDITURES:					
Instruction:					
Salaries				32,737	
Purchased Professional and Technical Services					
Tuition					
General Supplies					
Textbooks			20,188		
Other Objects		11,069		840	
Total Instruction		<u>11,069</u>	<u>20,188</u>	<u>33,577</u>	
Support Services:					
Purchased Professional & Technical Services					
Other Purchased Services	29,597				
Supplies and Materials					
Other Objects					81,168
Total Support Services	<u>29,597</u>				<u>81,168</u>
Total Expenditures	<u>\$ 29,597</u>	<u>\$ 11,069</u>	<u>\$ 20,188</u>	<u>\$ 33,577</u>	<u>\$ 81,168</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Totals</u> <u>June 30, 2015</u>
REVENUE:	
Local Sources	\$ 81,168
State Sources	207,423
Federal Sources	<u>419,441</u>
Total Revenue	<u>708,032</u>
EXPENDITURES:	
Instruction:	
Salaries	32,737
Purchased Professional and Technical Services	22,645
Tuition	249,035
General Supplies	49,995
Textbooks	20,188
Other Objects	<u>11,909</u>
Total Instruction	<u>386,509</u>
Support Services:	
Purchased Professional & Technical Services	94,969
Other Purchased Services	142,589
Supplies and Materials	2,797
Other Objects	<u>81,168</u>
Total Support Services	<u>321,523</u>
Total Expenditures	<u>\$ 708,032</u>

CAPITAL PROJECTS FUND

Exhibit F-1

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
AND PROJECT STATUS - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
Interest Revenue	<u>\$ 4</u>
Total Revenue and Other Financing Sources	<u> 4</u>
Expenditures and Other Financing Uses:	
Operating Transfers Out:	
General Fund - Interest Earned	<u> 4</u>
Total Expenditures and Other Financing Uses	<u> 4</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	-0-
Fund Balance - Beginning	<u> -0-</u>
Fund Balance - Ending	<u><u> -0-</u></u>

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 82,434
Accounts Receivable:	
Federal	3,906
State	211
Inventories	<u>3,150</u>

Total Current Assets

 89,701

Non- Current Assets:

Capital Assets:

Capital Assets	
Net of Accumulated Depreciation	<u>27,843</u>

Total Non- Current Assets

 27,843

Total Assets

 117,544

LIABILITIES:

Current Liabilities:

Accounts Payable-Vendors	<u>11,808</u>
--------------------------	---------------

Total Liabilities

 11,808

NET POSITION:

Net Investment in Capital Assets	27,843
Unrestricted	<u>77,893</u>

Total Net Position

 \$ 105,736

Exhibit G-2

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Charges for Services:	
Daily Sales:	
School Lunch Program	\$ 199,652
Special Events	1,623
	<hr/>
Total Operating Revenue	201,275
	<hr/>
Operating Expenses:	
Cost of Sales	114,963
Salaries, Benefits and Payroll Taxes	122,498
Supplies and Materials	11,400
Miscellaneous Expenses	15,664
Depreciation Expense	3,978
	<hr/>
Total Operating Expenses	268,503
	<hr/>
Operating (Loss)	(67,228)
	<hr/>
Non-Operating Revenue:	
Federal Sources:	
National School Lunch Program	55,131
Food Distribution Program	15,893
State Sources:	
School Lunch Program	3,010
Local Sources:	
Interest Revenue	324
	<hr/>
Total Non-Operating Revenue	74,358
	<hr/>
Change in Net Position	7,130
	<hr/>
Net Position - Beginning of Year	98,606
	<hr/>
Net Position - End of Year	\$ 105,736
	<hr/> <hr/>

Exhibit G-3

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 201,275
Payments to Food Service Vendor	(244,674)
Payments to Suppliers	(7,422)
	<hr/>
Net Cash (Used for) Operating Activities	(50,821)
	<hr/>
Cash Flows from Investing Activities:	
Interest Revenue	324
	<hr/>
Net Cash Provided by Investing Activities	324
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	55,561
State Sources	3,240
	<hr/>
Net Cash Provided by Noncapital Financing Activities	58,801
	<hr/>
Net Increase in Cash and Cash Equivalents	8,304
Cash and Cash Equivalents, July 1	74,130
	<hr/>
Cash and Cash Equivalents, June 31	\$ 82,434
	<hr/> <hr/>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (67,228)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Depreciation	3,978
Federal Food Distribution Program	15,893
Changes in Assets and Liabilities:	
Decrease/(Increase) in Inventories	833
Increase/(Decrease) in Accounts Payable	(4,297)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (50,821)
	<hr/> <hr/>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$15,893 for the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

Exhibit H-1

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	
	<u>Student Activity</u>	<u>Payroll</u>			<u>Total</u>
ASSETS:					
Cash and Cash Equivalents	\$ 84,702	\$ 13,614	\$ 98,316	\$ 68,820	\$ 2,813
Total Assets	<u>84,702</u>	<u>13,614</u>	<u>98,316</u>	<u>68,820</u>	<u>2,813</u>
LIABILITIES:					
Accounts Payable-Vendors	7,685		7,685		
Interfund Payable - General Fund		13,614	13,614		
Due to Student Groups	<u>77,017</u>		<u>77,017</u>		
Total Liabilities	<u>84,702</u>	<u>13,614</u>	<u>98,316</u>	<u>-0-</u>	<u>-0-</u>
NET ASSETS:					
Held in Trust for Unemployment Claims and Other Purposes			<u>68,820</u>	<u>2,813</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 68,820</u>	<u>\$ 2,813</u>

Exhibit H-2

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust
ADDITIONS:		
Contributions:		
Employee Contribution Plan member	\$ 29,792	\$ 4,737
Total Contributions	29,792	4,737
Investment Earnings:		
Interest	244	1
Total Additions	30,036	4,738
DEDUCTIONS:		
Quarterly Contribution Reports Flex Spending Claims	20,741	2,800
Total Deductions	20,741	2,800
Change in Net Position	9,295	1,938
Net Position - Beginning of the Year	59,525	875
Net Position - End of the Year	\$ 68,820	\$ 2,813

Exhibit H-3

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 73,944	\$ 161,115	\$ 150,357	\$ 84,702
Total Assets	<u>\$ 73,944</u>	<u>\$ 161,115</u>	<u>\$ 150,357</u>	<u>\$ 84,702</u>
LIABILITIES:				
Accounts Payable	\$ 8,440	\$ 7,685	\$ 8,440	\$ 7,685
Due to Student Groups	65,504	153,430	141,917	77,017
Total Liabilities	<u>\$ 73,944</u>	<u>\$ 161,115</u>	<u>\$ 150,357</u>	<u>\$ 84,702</u>

Exhibit H-4

BOROUGH OF HILLSDALE SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary Schools:				
Ann B. Smith	\$ 25	\$ 2,500	\$ 2,500	\$ 25
Meadowbrook	1,885	12,005	11,986	1,904
George G. White	63,594	138,925	127,431	75,088
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 65,504</u>	<u>\$ 153,430</u>	<u>\$ 141,917</u>	<u>\$ 77,017</u>

Exhibit H-5

BOROUGH OF HILLSDALE SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 26,002	\$ 13,517,219	\$ 13,529,607	\$ 13,614
Total Assets	<u>\$ 26,002</u>	<u>\$ 13,517,219</u>	<u>\$ 13,529,607</u>	<u>\$ 13,614</u>
 LIABILITIES:				
Payroll Deductions and Withholdings		\$ 5,753,060	\$ 5,753,060	
Net Payroll		7,764,159	7,764,159	
Interfund Payable - General Fund	\$ 26,002		12,388	\$ 13,614
Total Liabilities	<u>\$ 26,002</u>	<u>\$ 13,517,219</u>	<u>\$ 13,529,607</u>	<u>\$ 13,614</u>

LONG-TERM DEBT

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Refunding Bonds of 1997	04/30/08	\$ 2,340,000	06/15/16	\$ 260,000	3.300%	\$ 770,000	\$ 270,000	\$ 500,000
			06/15/17	240,000	3.300%			
Refunding Bonds of 2012	12/4/2012	3,815,000	07/15/15	345,000	3.000%	3,815,000	325,000	3,490,000
			07/15/16	355,000	3.000%			
			07/15/17	370,000	3.000%			
			07/15/18	385,000	3.000%			
			07/15/19	400,000	3.000%			
			07/15/20	420,000	3.000%			
			07/15/21	425,000	4.000%			
			07/15/22	425,000	4.000%			
			07/15/23	365,000	4.000%			
						<u>3,815,000</u>	<u>325,000</u>	<u>3,490,000</u>
						<u>\$ 4,585,000</u>	<u>\$ 595,000</u>	<u>\$ 3,990,000</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 727,174		\$ 727,174	\$ 727,174	
State Sources:					
Debt Service Aid Type II	5,097		5,097	5,097	
Total Revenues	<u>732,271</u>		<u>732,271</u>	<u>732,271</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	147,135		147,135	146,858	\$ 277
Redemption of Principal	595,000		595,000	595,000	
Total Regular Debt Service	<u>742,135</u>		<u>742,135</u>	<u>741,858</u>	<u>277</u>
Total Expenditures	<u>742,135</u>		<u>742,135</u>	<u>741,858</u>	<u>277</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(9,864)		(9,864)	(9,587)	277
Fund Balance, July 1	<u>10,027</u>		<u>10,027</u>	<u>10,027</u>	
Fund Balance, June 30	<u>\$ 163</u>	<u>\$ -0-</u>	<u>\$ 163</u>	<u>\$ 440</u>	<u>\$ 277</u>
Recapitulation:					
Restricted - For Subsequent Year's Expenditures				\$ 277	
Restricted - Other Purposes				<u>163</u>	
				<u>\$ 440</u>	

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the District'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 District's overall financial health.

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,322,686	\$ 7,481,403	\$ 7,635,267	\$ 7,767,828	\$ 8,126,571	\$ 8,413,381	\$ 8,922,103	\$ 9,483,673	\$ 10,312,427	\$ 10,968,957
Restricted	318,080	279,867	247,312	669,398	588,636	907,016	1,575,041	1,981,497	1,970,339	1,428,241
Unrestricted/(Deficit)	(402,219)	(594,052)	(779,166)	(782,254)	(669,819)	(727,755)	(755,515)	(186,751)	(4,342,929)	(3,663,287)
Total Governmental Activities Net Position	\$ 7,238,547	\$ 7,167,218	\$ 7,103,413	\$ 7,654,972	\$ 8,045,388	\$ 8,592,642	\$ 9,741,629	\$ 11,278,419	\$ 7,939,837	\$ 8,733,911
Business-Type Activities:										
Net Investment in Capital Assets								\$ 35,798	\$ 31,820	\$ 27,843
Unrestricted	\$ 18,557	\$ 23,348	\$ 26,252	\$ 30,234	\$ 40,321	\$ 58,306	\$ 79,228	64,102	66,786	77,893
Total Business-Type Activities Net Position	\$ 18,557	\$ 23,348	\$ 26,252	\$ 30,234	\$ 40,321	\$ 58,306	\$ 79,228	\$ 99,900	\$ 98,606	\$ 105,736
District-Wide:										
Net Investment in Capital Assets	\$ 7,322,686	\$ 7,481,403	\$ 7,635,267	\$ 7,767,828	\$ 8,126,571	\$ 8,413,381	\$ 8,922,103	\$ 9,519,471	\$ 10,344,247	\$ 10,996,800
Restricted	318,080	279,867	247,312	669,398	588,636	907,016	1,575,041	1,981,497	1,970,339	1,428,241
Unrestricted/(Deficit)	(383,662)	(570,704)	(752,914)	(752,020)	(629,498)	(669,449)	(676,287)	(122,649)	(4,276,143)	(3,585,394)
Total District Net Position	\$ 7,257,104	\$ 7,190,566	\$ 7,129,665	\$ 7,685,206	\$ 8,085,709	\$ 8,650,948	\$ 9,820,857	\$ 11,378,319	\$ 8,038,443	\$ 8,839,647

* Restated

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 8,067,738	\$ 9,041,077	\$ 9,531,670	\$ 8,739,663	\$ 9,268,113	\$ 9,229,404	\$ 9,541,595	\$ 9,793,799	\$ 9,504,701	\$ 11,373,913
Special Education	1,655,335	1,871,608	1,848,989	1,976,393	2,349,600	2,307,783	2,483,404	2,627,118	2,358,597	3,588,169
Other Special Instruction	215,189	201,255	199,601	217,540	168,290	205,686	203,890	213,159	282,164	298,466
Other Instruction	90,704	97,768	105,015	125,772	158,344	161,495	165,441	169,998	110,985	133,354
Support Services:										
Tuition	340,316	380,048	407,636	492,509	392,903	516,478	658,318	723,776	1,117,640	696,820
Student & Instruction Related Services	2,297,085	2,531,580	2,739,410	2,773,843	3,070,119	3,024,931	3,107,714	3,082,801	3,426,546	3,645,631
General Administrative Services	523,221	513,197	542,644	527,099	557,121	547,326	456,380	487,398	496,940	434,410
School Administrative Services	785,612	928,040	886,048	823,198	872,231	947,395	927,761	1,004,647	961,813	1,019,201
Central Services	373,021	371,233	392,166	383,728	411,104	445,344	418,417	447,184	467,903	413,524
Administration Information Technology	60,561	60,111	90,238	127,848	145,161	123,015	134,255	123,289	145,762	122,673
Plant Operations and Maintenance	1,838,878	1,970,375	1,975,095	1,851,975	1,906,216	1,721,396	1,757,798	1,812,188	2,035,440	2,170,695
Pupil Transportation	478,541	543,406	555,981	610,966	595,009	546,936	421,176	468,777	456,756	470,899
Special Schools	5,720	4,823	9,082	8,891	7,202	7,500	5,542	25,025	23,412	29,219
Capital Outlay					150,363	11,075	15,763	70,066	117,656	129,642
Interest on Long-term Debt	332,349	373,450	391,372	305,831	278,492	257,666	243,304	259,439	160,953	71,891
Unallocated Depreciation	398,299	318,134	318,222	319,693	319,830	319,830	319,830	338,499	346,453	391,737
Total Governmental Activities Expenses	17,462,569	19,206,105	19,993,169	19,284,949	20,650,098	20,373,260	20,860,588	21,647,163	22,013,721	24,990,244
Business-Type Activities:										
Food Service	258,338	251,596	283,296	268,493	271,037	309,133	319,070	293,915	295,750	268,503
Total Business-Type Activities Expenses	258,338	251,596	283,296	268,493	271,037	309,133	319,070	293,915	295,750	268,503
Total District Expenses	17,720,907	19,457,701	20,276,465	19,553,442	20,921,135	20,682,393	21,179,658	21,941,078	22,309,471	25,258,747
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	45,386	90,001				79,930	332,466	364,850	669,277	269,635
Operating Grants and Contributions	2,621,694	3,350,367	3,408,331	2,924,171	3,510,155	2,214,421	2,777,634	3,195,046	2,706,047	5,622,556
Capital Grants and Contributions	82,874									
Total Governmental Activities Program Revenues	2,749,954	3,440,368	3,408,331	2,924,171	3,510,155	2,294,351	3,110,100	3,559,896	3,375,324	5,892,191

BOROUGH OF HILLSDALE SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Food Service	\$ 197,328	\$ 201,662	\$ 224,029	\$ 211,541	\$ 211,279	\$ 252,381	\$ 252,942	\$ 241,529	\$ 222,363	\$ 201,275
Operating Grants and Contributions	49,222	53,262	61,122	60,364	69,401	74,018	86,646	72,658	71,674	74,034
Total Business-Type Activities Revenues	246,550	254,924	285,151	271,905	280,680	326,399	339,588	314,187	294,037	275,309
Total District Program Revenues	2,996,504	3,695,292	3,693,482	3,196,076	3,790,835	2,620,750	3,449,688	3,874,083	3,669,361	6,167,500
Net (Expense)/Revenue										
Governmental Activities	(14,712,615)	(15,765,737)	(16,584,838)	(16,360,778)	(17,139,943)	(18,078,909)	(17,750,488)	(18,087,267)	(18,638,397)	(19,098,053)
Business-Type Activities	(11,788)	3,328	1,855	3,412	9,643	17,266	20,518	20,272	(1,713)	6,806
Total District Net (Expense)/Revenue	(14,724,403)	(15,762,409)	(16,582,983)	(16,357,366)	(17,130,300)	(18,061,643)	(17,729,970)	(18,066,995)	(18,640,110)	(19,091,247)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	13,419,561	14,542,646	15,240,352	15,849,966	16,483,965	17,656,850	18,000,000	18,354,600	18,716,186	19,084,895
Taxes Levied for Debt Service	789,474	810,828	817,672	756,611	786,863	747,305	795,506	801,388	766,468	727,174
Unrestricted Grants and Contributions	222,509	261,424	363,760	243,490	213,533	190,801	33,050	55,124	39,517	37,670
Interest and Miscellaneous Income	85,267	79,510	99,249	62,270	45,998	31,207	126,513	352,945	95,244	42,388
Debt Service Contribution								60,000		
Total Governmental Activities	14,516,811	15,694,408	16,521,033	16,912,337	17,530,359	18,626,163	18,955,069	19,624,057	19,617,415	19,892,127
Business-Type Activities:										
Investment Earnings	1,541	1,463	1,049	570	444	719	404	400	419	324
Total Business-Type Activities	1,541	1,463	1,049	570	444	719	404	400	419	324
Total District	14,518,352	15,695,871	16,522,082	16,912,907	17,530,803	18,626,882	18,955,473	19,624,457	19,617,834	19,892,451
Change in Net Position:										
Governmental Activities	(195,804)	(71,329)	(63,805)	551,559	390,416	547,254	1,204,581	1,536,790	979,017	794,074
Business-Type Activities	(10,247)	4,791	2,904	3,982	10,087	17,985	20,922	20,672	(1,294)	7,130
Total District	\$ (206,051)	\$ (66,538)	\$ (60,901)	\$ 555,541	\$ 400,503	\$ 565,239	\$ 1,225,503	\$ 1,557,462	\$ 977,723	\$ 801,204

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved/Restricted	\$ 188,974	\$ 155,124	\$ 243,759	\$ 351,909	\$ 535,387	\$ 906,856	\$ 967,963	\$ 1,971,465	\$ 1,960,312	\$ 1,428,241
Assigned							787,059	759,369	912,811	1,053,311
Unreserved/Unassigned	<u>331,695</u>	<u>157,398</u>	<u>110,578</u>	<u>183,492</u>	<u>339,424</u>	<u>358,950</u>	<u>335,378</u>	<u>307,654</u>	<u>322,693</u>	<u>852,958</u>
Total General Fund	<u>\$ 520,669</u>	<u>\$ 312,522</u>	<u>\$ 354,337</u>	<u>\$ 535,401</u>	<u>\$ 874,811</u>	<u>\$ 1,265,806</u>	<u>\$ 2,090,400</u>	<u>\$ 3,038,488</u>	<u>\$ 3,195,816</u>	<u>\$ 3,334,510</u>
All Other Governmental Funds:										
Reserved/Restricted				\$ 257,020	\$ 6,585	\$ 160	\$ 262	\$ 10,032	\$ 10,027	\$ 440
Unreserved/Unrestricted, Reported in:										
Capital Projects Fund	\$ 54,944	\$ 54,944	\$ 81,076	18,361	4,490					
Debt Service Fund	<u>1</u>	<u>1</u>	<u>3,553</u>	<u>42,108</u>	<u>42,174</u>					
Total All Other Governmental Funds	<u>\$ 54,945</u>	<u>\$ 54,945</u>	<u>\$ 84,629</u>	<u>\$ 317,489</u>	<u>\$ 53,249</u>	<u>\$ 160</u>	<u>\$ 262</u>	<u>\$ 10,032</u>	<u>\$ 10,027</u>	<u>\$ 440</u>

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 14,209,035	\$ 15,353,474	\$ 16,058,024	\$ 16,606,577	\$ 17,270,828	\$ 18,404,155	\$ 18,795,506	\$ 19,155,988	\$ 19,482,654	\$ 19,812,069
Tuition Charges	45,386	90,001	48,210	33,849	58,544	79,930	73,528	74,466	63,496	20,600
Miscellaneous	86,767	82,666	105,512	67,677	50,463	41,635	130,960	68,780	230,223	258,533
State Sources	2,548,476	3,144,056	3,286,636	2,664,303	2,857,034	1,952,968	2,581,855	3,123,355	2,825,895	3,137,430
Federal Sources	377,101	464,579	430,982	464,102	803,645	441,826	483,320	411,372	390,472	416,715
Total Revenues	<u>17,266,765</u>	<u>19,134,776</u>	<u>19,929,364</u>	<u>19,836,508</u>	<u>21,040,514</u>	<u>20,920,514</u>	<u>22,065,169</u>	<u>22,833,961</u>	<u>22,992,740</u>	<u>23,645,347</u>
Expenditures:										
Instruction:										
Regular Instruction	6,082,852	6,383,994	6,549,872	6,754,561	7,037,398	6,691,608	6,813,723	6,987,423	6,873,450	6,868,712
Special Education Instruction	1,301,475	1,380,097	1,364,059	1,561,224	1,886,180	1,755,788	1,889,936	1,934,693	1,709,357	2,382,651
Other Special Instruction	157,881	148,983	148,776	172,883	133,520	145,780	143,986	147,227	197,723	176,454
Other Instruction	67,903	71,548	75,220	88,073	111,295	118,810	121,489	120,739	84,530	84,377
Support Services:										
Tuition	340,316	380,048	407,636	492,509	392,903	516,478	658,318	723,776	1,117,640	696,820
Student & Instruction Related Services	2,000,915	2,224,436	2,375,314	2,466,371	2,656,976	2,575,767	2,603,889	2,537,006	2,918,460	3,024,974
General Administrative Services	475,196	457,909	486,625	475,177	496,832	467,255	411,962	434,825	441,756	385,227
School Administrative Services	600,878	635,232	626,942	638,908	669,795	696,932	723,611	733,341	714,191	687,743
Central Services	299,184	294,596	303,346	303,307	322,300	334,949	334,878	340,558	337,922	312,115
Administration Information Technology	60,561	60,111	90,238	115,594	131,002	110,474	123,555	109,117	133,071	109,135
Plant Operations and Maintenance	1,643,805	1,741,319	1,742,437	1,749,288	1,747,401	1,594,927	1,625,424	1,681,216	1,883,900	1,995,186
Pupil Transportation	463,472	525,411	536,765	592,701	576,259	527,000	407,054	454,655	437,422	448,859
Unallocated Benefits	3,225,706	4,125,697	4,259,776	3,270,607	3,676,519	4,151,182	4,235,374	4,657,670	4,481,223	4,874,075
Special Schools	4,829	4,823	7,500	7,500	6,000	6,000	4,500	20,490	19,136	23,657
Capital Outlay	338,670	90,992	35,057	203,252	327,945	94,795	591,802	294,443	713,822	704,397
Debt Service:										
Principal	420,000	440,000	460,000	495,000	525,000	545,000	570,000	590,000	605,000	595,000
Interest and Other Charges	407,544	377,727	388,302	311,010	268,019	249,863	230,972	199,916	166,814	146,858
Total Expenditures	<u>17,891,187</u>	<u>19,342,923</u>	<u>19,857,865</u>	<u>19,697,965</u>	<u>20,965,344</u>	<u>20,582,608</u>	<u>21,490,473</u>	<u>21,967,095</u>	<u>22,835,417</u>	<u>23,516,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(624,422)</u>	<u>(208,147)</u>	<u>71,499</u>	<u>138,543</u>	<u>75,170</u>	<u>337,906</u>	<u>574,696</u>	<u>866,866</u>	<u>157,323</u>	<u>129,107</u>

BOROUGH OF HILLSDALE SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Transfers In	\$ 10,791	\$ 7,968	\$ 41,459	\$ 83,685	\$ 448	\$ 3	\$ 3	\$ 4	\$ 3	\$ 4
Transfers Out	(10,791)	(7,968)	(41,459)	(83,685)	(448)	(3)	(3)	(4)	(3)	(4)
Refunded Bond Issued								3,815,000		
Bonds Defeased								(4,074,000)		
Bond Premium								421,311		
Bond Issuance Cost								(75,688)		
Deferred Interest								(153,824)		
Debt Service Contribution								60,000		
Insurance Reimbursement								98,193		
Capital Lease (Non-Budgeted)				275,381			250,000			
Total Other Financing Sources (Uses)	-0-	-0-	-0-	275,381	-0-	-0-	250,000	90,992	-0-	-0-
Net Change in Fund Balances	<u>\$ (624,422)</u>	<u>\$ (208,147)</u>	<u>\$ 71,499</u>	<u>\$ 413,924</u>	<u>\$ 75,170</u>	<u>\$ 337,906</u>	<u>\$ 824,696</u>	<u>\$ 957,858</u>	<u>\$ 157,323</u>	<u>\$ 129,107</u>
Debt Service as a Percentage of Noncapital Expenditures	4.9 %	4.4 %	4.5 %	4.3 %	4.0 %	4.0 %	3.9 %	3.8 %	3.6 %	3.4 %

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Other</u>	<u>Total</u>
2006	\$ 47,423	\$ 45,386		\$ 27,053	\$ 119,862
2007	52,060	90,001		19,482	161,543
2008	42,711	48,210		15,079	106,000
2009	21,608	33,849		38,053	93,510
2010	14,977	58,544		30,573	104,094
2011	19,531	79,930		22,104	121,565
2012	8,579	73,528	\$ 32,100	85,831	200,038
2013	9,998	74,466	18,440	34,511	137,415
2014	11,190	63,496	27,475	56,577	158,738
2015	9,963	20,600	27,280	5,141	62,984

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Add: Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$ 7,840,800	\$ 776,463,400	\$ 396,200	\$ 12,400	\$ 50,529,000	\$ 7,490,000	\$ 950,100	\$ 843,681,900	\$ 73,055,800	\$ 3,716,487	\$ 847,398,387	\$ 1.63	\$ 1,536,045,340
2006	6,441,900	779,488,300	396,200	12,400	51,600,900	7,535,000	950,100	846,424,800	73,983,700	3,110,147	849,534,947	1.74	1,749,040,149
2007	* 12,213,500	1,819,107,700	1,865,800	13,100	108,183,300	14,315,500	1,995,300	1,957,694,200	151,132,300	6,745,700	1,964,439,900	0.79	1,955,372,182
2008	12,449,200	1,818,907,400	745,000	13,100	107,676,500	14,315,500	1,995,300	1,956,102,000	151,688,000	7,462,332	1,963,564,332	0.82	1,984,787,186
2009	12,081,100	1,821,722,900	745,000	13,100	109,531,700	14,315,500	1,995,300	1,960,404,600	152,331,200	7,084,084	1,967,488,684	0.86	2,058,164,361
2010	12,081,100	1,821,417,700	745,000	13,100	109,231,600	14,315,500	1,995,300	1,959,799,300	152,871,400	8,382,930	1,968,182,230	0.91	2,058,164,361
2011	15,864,900	1,816,573,400	745,000	13,100	108,901,100	13,747,600	1,995,300	1,957,840,400	153,960,400	8,579,677	1,966,420,077	0.95	1,952,438,002
2012	15,382,100	1,809,213,560	745,000	13,100	106,992,800	13,747,600	1,995,300	1,948,089,460	153,491,400	8,428,811	1,956,518,271	0.97	1,893,124,566
2013	* 11,462,800	1,543,338,400	676,200	12,200	97,389,700	12,029,100	4,959,700	1,669,868,100	140,637,400	6,484,341	1,676,352,441	1.15	1,760,985,490
2014	10,606,300	1,543,881,100	621,800	12,200	97,025,800	12,029,100	4,959,700	1,669,136,000	140,724,900	5,466,941	1,674,602,941	1.17	1,674,602,941

* Revaluation Year.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b Tax rates are per \$100

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor

BOROUGH OF HILLSDALE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Borough of Hillsdale School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Hillsdale	Pascack Valley Regional High School District	Bergen County	
2005	\$ 1.56	\$ 0.07	\$ 1.63	\$ 0.64	\$ 0.88	\$ 0.36	\$ 3.51
2006	1.65	0.09	1.74	0.75	0.92	0.39	3.80
2007	* 0.75	0.04	0.79	0.35	0.46	0.18	1.78
2008	0.76	0.04	0.82	0.40	0.46	0.19	1.87
2009	0.82	0.04	0.86	0.40	0.46	0.20	1.93
2010	0.87	0.04	0.91	0.42	0.51	0.20	2.04
2011	0.91	0.04	0.95	0.43	0.53	0.21	2.11
2012	0.93	0.04	0.97	0.44	0.54	0.21	2.16
2013	* 1.11	0.05	1.15	0.53	0.65	0.24	2.57
2014	1.13	0.04	1.17	0.54	0.65	0.25	2.61

* Revaluation Year.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator

BOROUGH OF HILLSDALE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
New Creek LLC	\$ 11,522,700	0.69 %	Prima II LLC	\$ 4,631,100	0.55 %
Cross Roads - Hillsdale Association LLC	9,126,400	0.54 %	Cuzon Associaties	4,414,300	0.52 %
New Jersey Bell	5,459,352	0.33 %	U.S.A Waste Transfer of NJ Inc.	3,732,500	0.44 %
Edgewood Country Club, Inc.	3,069,400	0.18 %	New Jersey Bell	3,716,487	0.44 %
Pavonia Equities, LP	3,008,100	0.18 %	New Jersey Bell	2,297,100	0.27 %
Marsala Enterprises	2,651,000	0.16 %	Jack Ely Real Estate LLC	1,652,300	0.19 %
Golden Orchard Associaties, LP	2,621,200	0.16 %	R&L Investors	1,580,000	0.19 %
100 Park Ave Associates, LLC	2,560,000	0.15 %	Bank of America	1,242,200	0.15 %
Bank of America	2,200,000	0.13 %	Edgewood Country Club, Inc.	1,239,400	0.15 %
North Bergen County Corp.	1,907,100	0.11 %	Hiller & Skoglund Land Associates	1,225,700	0.14 %
Total	\$ 44,125,252	2.63 %	Total	\$ 25,731,087	3.04 %

Note - a revaluation of the Borough was effective in 2007 and in 2013.

Source: Municipal Tax Assessor

Exhibit J-9

BOROUGH OF HILLSDALE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected Within the</u> <u>Fiscal Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 14,209,035	\$ 14,209,035	100.00 %	-0-
2007	15,353,474	15,353,474	100.00 %	-0-
2008	16,058,024	16,058,024	100.00 %	-0-
2009	16,606,577	16,606,577	100.00 %	-0-
2010	17,270,828	17,270,828	100.00 %	-0-
2011	18,404,155	18,404,155	100.00 %	-0-
2012	18,795,506	18,795,506	100.00 %	-0-
2013	19,155,988	19,155,988	100.00 %	-0-
2014	19,482,654	19,482,654	100.00 %	-0-
2015	19,812,069	19,812,069	100.00 %	-0-

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Borough of Hillsdale School District records, including the Certificate and Report of Report of School Taxes (A4F form).

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business -Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 9,027,000	-0-	-0-	-0-	-0-	\$ 9,027,000	1.58 %	\$ 909.25	
2007	8,587,000	-0-	-0-	\$ 472,000	-0-	9,059,000	1.46 %	919.88	
2008	8,174,000	-0-	-0-	472,000	-0-	8,646,000	1.30 %	881.17	
2009	7,679,000	-0-	\$ 185,628	-0-	-0-	7,864,628	1.19 %	801.37	
2010	7,154,000	-0-	125,702	-0-	-0-	7,279,702	1.16 %	739.43	
2011	6,609,000	-0-	63,847	-0-	-0-	6,672,847	1.02 %	651.77	
2012	6,039,000	-0-	164,502	-0-	-0-	6,203,502	0.89 %	599.31	
2013	5,190,000	-0-	83,338	-0-	-0-	5,273,338	0.73 %	507.83	
2014	4,585,000	-0-	-0-	-0-	-0-	4,585,000	0.63 %	439.05	
2015	3,990,000	-0-	-0-	-0-	-0-	3,990,000	0.55 %	380.65	

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: School District Financial Reports.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 9,027,000	-0-	\$ 9,027,000	1.07 %	909.25
2007	8,587,000	-0-	8,587,000	1.01 %	871.95
2008	8,174,000	\$ 81,076	8,092,924	0.41 %	824.80
2009	7,679,000	-0-	7,679,000	0.39 %	782.45
2010	7,154,000	-0-	7,154,000	0.36 %	726.66
2011	6,609,000	-0-	6,609,000	0.34 %	645.54
2012	6,039,000	-0-	6,039,000	0.31 %	583.42
2013	5,190,000	-0-	5,190,000	0.27 %	499.81
2014	4,585,000	-0-	4,585,000	0.27 %	439.05
2015	3,990,000		3,990,000	0.24 %	380.65

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Borough of Hillsdale	\$ 3,621,447	100.00 %	\$ 3,621,447
Bergen County General Obligation Debt	933,422,641	1.12 %	<u>10,414,395</u>
Subtotal, Overlapping Debt			14,035,842
Borough of Hillsdale School District Direct Debt			<u>3,990,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 18,025,842</u></u>

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of Hillsdale. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation; debt outstanding data provided by each governmental unit.

Exhibit J-13

BOROUGH OF HILLSDALE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2015

<u>Year Ended</u> <u>December 31,</u>	<u>Equalized</u> <u>Valuation Basis</u>
2012	\$ 1,835,742,047
2013	1,802,729,245
2014	1,768,339,867
	<u>\$ 5,406,811,159</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,802,270,386</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 54,068,112
Net Bonded School Debt @ June 30, 2015	<u>3,990,000</u>
Legal Debt Margin	<u>\$ 50,078,112</u>

	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 46,165,343	\$ 51,873,953	\$ 56,400,822	\$ 59,461,845	\$ 60,432,379
Total Net Debt Applicable to Limit	<u>9,027,000</u>	<u>9,059,000</u>	<u>8,092,924</u>	<u>7,679,000</u>	<u>7,154,000</u>
Legal Debt Margin	<u>\$ 37,138,343</u>	<u>\$ 42,814,953</u>	<u>\$ 48,307,898</u>	<u>\$ 51,782,845</u>	<u>\$ 53,278,379</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.55 %	17.46 %	14.35 %	12.91 %	11.84 %

	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 60,432,379	\$ 58,586,075	\$ 56,674,630	\$ 55,286,435	\$ 54,068,112
Total Net Debt Applicable to Limit	<u>7,154,000</u>	<u>6,039,000</u>	<u>5,190,000</u>	<u>4,585,000</u>	<u>3,990,000</u>
Legal Debt Margin	<u>\$ 53,278,379</u>	<u>\$ 52,547,075</u>	<u>\$ 51,484,630</u>	<u>\$ 50,701,435</u>	<u>\$ 50,078,112</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.84 %	10.31 %	9.16 %	8.29 %	7.38 %

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

Exhibit J-14

BOROUGH OF HILLSDALE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2005	9,928	\$ 572,587,472	\$ 57,674	2.60 %
2006	9,848	621,438,344	63,103	2.70 %
2007	9,812	662,741,728	67,544	2.40 %
2008	9,814	660,786,434	67,331	3.20 %
2009	9,845	628,839,530	63,874	5.80%
2010	10,238	654,054,630	63,885	5.90%
2011	10,351	696,084,048	67,248	5.80%
2012	10,384	719,413,904	69,281	5.90%
2013	10,443	725,736,285	69,495	6.20%
2014	10,482	728,446,590	69,495 **	4.70%

** Latest Bergen County per capita personal income available (2013) was used for calculation purposes.

Source:

- ^a Population information provided by the US Department of Census - Population Division.
- ^b Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^c Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

NOT AVAIBABLE

NOTE: The District was unsuccessful in its attempt to obtain information regarding the principal employers of the Borough.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	89.70	92.00	111.00	111.00	111.00	87.10	87.10	87.15	87.15	89.15
Special Education	51.37	56.29	62.00	63.00	63.00	47.20	49.20	53.00	53.00	54.25
Support Services:										
Student & Instruction Related Services	17.30	17.30	17.30	17.30	17.30	22.80	22.80	25.74	25.74	25.74
General Administrative Services	2.00	2.00	2.00	2.00	2.00	3.60	3.60	2.50	2.50	2.50
School Administrative Services	8.00	8.00	8.00	8.50	8.50	7.80	7.80	8.00	8.00	8.00
Central Services	4.50	4.50	4.50	4.50	4.50	6.00	6.00	6.00	6.00	6.00
Plant Operations and Maintenance	34.50	34.50	33.00	18.50	18.50	9.93	9.93	10.30	10.30	10.30
Total	<u>207.37</u>	<u>214.59</u>	<u>237.80</u>	<u>224.80</u>	<u>224.80</u>	<u>184.43</u>	<u>186.43</u>	<u>192.69</u>	<u>192.69</u>	<u>195.94</u>

Source: District Personnel Records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary		Middle School				
						Meadowbrook	Smith	White				
2006	1,452	\$ 16,724,973	\$ 11,519	1.51 %	130	1:17.0	1:17.0	1:13.0	1,452	1,405	5.22 %	96.76 %
2007	1,461	18,434,204	12,618	9.54 %	130	1:13.2	1:12.9	1:12.3	1,431	1,390	-1.45 %	97.13 %
2008	1,438	18,974,506	13,195	4.58 %	126	1:11.0	1:11.7	1:12.0	1,438	1,383	0.49 %	96.18 %
2009	1,464	18,688,703	12,766	-3.26 %	150	1:11.0	1:11.7	1:12.0	1,461	1,402	1.60 %	95.96 %
2010	1,461	19,844,380	13,583	6.40 %	150	1:11.0	1:11.7	1:12.0	1,407	1,355	-3.70 %	96.30 %
2011	1,416	19,692,950	13,907	2.39 %	114	1:10.0	1:10.5	1:11.0	1,407	1,356	0.00 %	96.38 %
2012	1,394	20,097,699	14,417	3.67 %	112	1:09:5	1:10.0	1:11.0	1,394	1,345	-0.92 %	96.48 %
2013	1,337	20,882,736	15,619	8.34 %	116	1:10.0	1:10.5	1:11.0	1,334	1,281	-4.30 %	96.03 %
2014	1,300	21,349,781	16,423	5.15 %	119	1:10.0	1:10.5	1:11.0	1,305	1,256	-2.17 %	96.25 %
2015	1,257	22,069,985	17,558	6.91 %	119	1:10.0	1:10.5	1:11.0	1,253	1,207	-3.98 %	96.33 %

^a Operating expenditures equal total expenditures less debt service and capital outlay.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October District count.

Source: Borough of Hillsdale School District records.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Meadowbrook School (1962)										
Square Feet	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622	49,622
Capacity (students)	450	450	450	450	450	450	450	450	450	450
Enrollment	418	405	386	386	395	390	366	256	337	327
Smith School (1956)										
Square Feet	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950	44,950
Capacity (students)	464	464	464	464	464	464	465	465	465	465
Enrollment	393	397	410	410	413	408	378	351	333	309
White School (1922)										
Square Feet	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370	66,370
Capacity (students)	752	752	752	752	752	752	752	752	752	752
Enrollment	634	659	642	642	638	618	650	630	630	621
Board Office (1999)										
Square Feet	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820	4,820

Number of Schools at June 30, 2015

- Elementary = 2
- Middle School = 1
- Other = 1

Note: Year of original construction is shown in parentheses.
 Enrollment is based on the annual October District count.

Source: Borough of Hillsdale School District Board Office.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

<u>School Facilities*</u>	<u>Project # (s)</u>	<u>Fiscal Year Ending June 30,</u>									
		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Ann Blanche Smith	N/A	\$ 78,059	\$ 61,528	\$ 61,955	\$ 71,839	\$ 69,007	\$ 62,510	\$ 73,140	\$ 85,800	\$ 91,762	\$ 95,321
George G. White	N/A	102,713	121,195	89,198	111,929	128,093	112,532	122,147	137,026	161,305	206,640
Meadowbrook	N/A	60,760	57,189	75,288	57,898	56,689	53,713	63,135	82,643	84,917	90,214
Total School Facilities		<u>241,532</u>	<u>239,912</u>	<u>226,441</u>	<u>241,666</u>	<u>253,789</u>	<u>228,755</u>	<u>258,422</u>	<u>305,469</u>	<u>337,984</u>	<u>392,175</u>
Other Facilities											
Board Office	N/A	19,093	14,587	6,143	7,152	10,648	6,738	13,588	5,220	5,585	8,301
Grand Total		<u>\$ 260,625</u>	<u>\$ 254,499</u>	<u>\$ 232,584</u>	<u>\$ 248,818</u>	<u>\$ 264,437</u>	<u>\$ 235,493</u>	<u>\$ 272,010</u>	<u>\$ 310,689</u>	<u>\$ 343,569</u>	<u>\$ 400,476</u>

N/A - Not Applicable.

* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: Borough of Hillsdale School District records.

Exhibit J-20

BOROUGH OF HILLSDALE SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Special Multi Peril - Selective Way Insurance Company:		
General Liability:		
General Aggregate	\$ 2,000,000	
Products and Completed Operations	2,000,000	
Personal and Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability Limit	1,000,000	
Medical Expense	5,000	
Commercial Property Coverage:		
Flood and Earthquake	5,000,000	\$ 50,000
Flood: Within Flood Hazard Area	1,000,000	500,000
Extra Expense	5,000,000	
Building Ordinance Demolition Cost	2,000,000	
Increase Cost of Construction	2,000,000	
Valuable Papers and Records	5,000,000	
Computer Equipment	2,500,000	
Boiler and Machinery:		
Expediting Expenses	250,000	
Hazardous Substances	250,000	
Spoilage	250,000	
Crime:		
Blanket Employee Dishonesty - Per Employee	100,000	5,000
Blanket Employee Dishonesty - Per Loss (Excess)	400,000	
Form B Forgery or Alteration	50,000	1,000
Commercial Automobile - Selective Way Insurance Company:		
Liability	1,000,000	5,000
Personal Injury Protection		250
Medical Payments	10,000	
Uninsured Motorist	1,000,000	
Underinsured Motorist	1,000,000	
Comprehensive		1,000
Collision		1,000
School Board Legal Liability:		
Educator's Legal Liability/Employment Practices Liability	1,000,000	
Excess Workers' Compensation - Starl Insurance Co.:		
Each Accident	1,000,000	
Each Employee	1,000,000	
Policy Limit	1,000,000	
Commercial Umbrella Excess - American Alternatives Insurance Company:		
Per Occurrence	9,000,000	
Aggregate Limit	9,000,000	
Retention	10,000	

Source: Borough of Hillsdale School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Hillsdale School District
 County of Bergen, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Hillsdale School District, in the County of Bergen (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 the 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.

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
Page 2

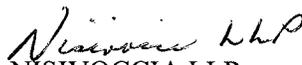
Compliance and Other Matters

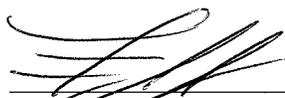
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 20, 2015


NISIVOCCIA LLP



Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Hillsdale School District
 County of Bergen, New Jersey

Report on Compliance for Each Major State Program

We have audited the Borough of Hillsdale School District (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 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 state program occurred. An audit includes examining, on a test basis, evidence about the District'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 state program. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Borough of Hillsdale School District
Page 2

Opinion on Each Major State Program

In our opinion, the District 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 state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 20, 2015


NISIVOCCIA LLP


Francis J. Jones, Jr.

Licensed Public School Accountant #1154
Certified Public Accountant

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Prior Year Encumbrances Canceled	Paid to Grantor	Balance at June 30, 2015		
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor
<u>Special Revenue Fund:</u>														
<u>U.S. Department of Education -</u>														
<u>Passed-through State Department of</u>														
<u>Education:</u>														
<u>No Child Left Behind:</u>														
Title I, Part A	84.010A	NCLB-2180-15	7/1/14	6/30/15	\$ 39,715			\$ 32,231	\$ (39,715)			\$ (7,484)		
Title I, Part A-Carryover	84.010A	NCLB-2180-14	7/1/13	6/30/14	27,587	\$ (7,096)		7,096						
Title II - Part A	84.367A	NCLB-2180-15	9/1/14	8/31/15	32,925			24,003	(32,925)			(8,922)		
Title II - Part A-Carryover	84.367A	NCLB-2180-13	9/1/12	8/31/13	32,777	(378)						(378)		
Title II - Part A-Carryover	84.367A	NCLB-2180-11	9/1/10	8/31/11	37,023	(100)						(100)		
Title II - Carryover	84.367A	NCLB-2180-10	9/1/09	8/31/10	37,194	(105)						(105)		
Title III	84.365	NCLB-2180-15	7/1/14	6/30/15	3,581			699	(3,581)			(2,882)		
Title III-Carryover	84.365	NCLB-2180-14	7/1/13	6/30/14	3,346	(419)		181				(238)		
						(8,098)		64,210	(76,221)			(20,109)		
<u>Special Education Cluster:</u>														
I.D.E.A. Part B, Basic	84.027	IDEA-2180-15	7/1/14	6/30/15	330,367			281,480	(315,273)			(33,793)		
I.D.E.A. Part B, Basic-Carryover	84.027	IDEA-2180-14	7/1/13	6/30/14	313,183	(143,614)		143,614						
I.D.E.A. Part B, Preschool	84.173	IDEA-2180-15	7/1/14	6/30/15	30,025			27,947	(27,947)					
I.D.E.A. Part B, Preschool -Carryover	84.173	IDEA-2180-14	7/1/13	6/30/14	28,051	(25,973)		25,973						
Total Special Education Cluster						(169,587)		479,014	(343,220)			(33,793)		
Total U.S. Department of Education						(177,685)		543,224	(419,441)			(53,902)		
Total Special Revenue Fund						(177,685)		543,224	(419,441)			(53,902)		

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Prior Year Encumbrances Canceled	Paid to Grantor	Balance at June 30, 2015		
			From	To		Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received				(Accounts Receivable)	Unearned Revenue	Due to Grantor
<u>Enterprise Fund</u>														
U.S. Department of Agriculture - Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Federal Food Distribution Program	10.555	N/A	7/1/14	6/30/15	\$ 15,893			\$ 15,893	\$ (15,893)					
National School Lunch Program	10.555	N/A	7/1/14	6/30/15	55,131			51,225	(55,131)			\$ (3,906)		
National School Lunch Program	10.555	N/A	7/1/13	6/30/14	54,479	\$ (4,336)		4,336						
Total Child Nutrition Cluster						(4,336)		71,454	(71,024)			(3,906)		
Total U.S. Department of Agriculture						(4,336)		71,454	(71,024)			(3,906)		
Total Enterprise Fund						(4,336)		71,454	(71,024)			(3,906)		
TOTAL FEDERAL AWARDS						\$ (182,021)	\$ -0-	\$ 614,678	\$ (490,465)	\$ -0-	\$ -0-	\$ (57,808)	\$ -0-	\$ -0-

N/A - Not Available/Applicable

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule B
1 of 2

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable
State Department of Education:												
General Fund:												
Equalization Aid	15-495-034-5120-078	7/1/14	6/30/15	\$ 12,167			\$ 10,996	\$ (12,167)			\$ 1,171	\$ 12,167
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	31,235			28,226	(31,235)			3,009	31,235
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	715,195			646,320	(715,195)			68,875	715,195
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	20,423			18,456	(20,423)			1,967	20,423
Additional Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	23,739			21,453	(23,739)			2,286	23,739
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	12,690			11,468	(12,690)			1,222	12,690
PARCC Readiness	15-495-034-5120-098	7/1/14	6/30/15	12,690			11,468	(12,690)			1,222	12,690
Extraordinary Special Education Costs	15-100-034-5120-473	7/1/14	6/30/15	68,353				(68,353)	\$ (68,353)		68,353	68,353
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	6,786				(6,786)	(6,786)		6,786	6,786
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14	6/30/15	675,867			623,371	(675,867)	(52,496)		52,496	675,867
Special Education Categorical Aid	14-495-034-5120-089	7/1/13	6/30/14	715,195	\$ (68,503)		68,503					802,759
Extraordinary Special Education Costs	14-100-034-5120-473	7/1/13	6/30/14	97,787	(96,776)		97,787	(1,011)				96,776
Nonpublic Transportation Aid	14-495-034-5120-014	7/1/13	6/30/14	7,268	(7,268)		7,268					7,268
Equalization Aid	14-495-034-5120-078	7/1/13	6/30/14	12,167	(1,165)		1,165					12,167
Transportation Aid	14-495-034-5120-014	7/1/13	6/30/14	31,235	(2,992)		2,992					31,235
Security Aid	14-495-034-5120-084	7/1/13	6/30/14	20,423	(1,956)		1,956					20,423
Additional Adjustment Aid	14-495-034-5120-085	7/1/13	6/30/14	23,739	(2,274)		2,274					23,739
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13	6/30/14	692,591	(38,498)		38,498					692,591
Total General Fund State Aid							1,592,201	(1,580,156)			207,387	3,266,103
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	15-100-034-5120-064	7/1/14	6/30/15	20,615			20,615	(20,188)		\$ 427		20,188
Textbook Aid (Chapter 194)	14-100-034-5120-064	7/1/13	6/30/14	20,843		\$ 376			\$ (376)			20,396
Nursing Services (Chapter 226)	15-100-034-5120-070	7/1/14	6/30/15	33,577			33,577	(33,577)				33,577
Technology Initiative Program	15-100-034-5120-373	7/1/14	6/30/15	11,072			11,072	(11,069)		3		11,069
Technology Initiative Program	14-100-034-5120-373	7/1/13	6/30/14	7,600		59			(59)			
Auxiliary Services (Chapter 192):												
Compensatory Education	15-100-034-5120-067	7/1/14	6/30/15	70,768			70,768	(55,181)		15,587		70,768
Compensatory Education	14-100-034-5120-067	7/1/13	6/30/14	79,606		23,710			\$ (23,710)			79,606
English as a Second Language	15-100-034-5120-067	7/1/14	6/30/15	4,293			4,293	(2,649)		1,644		4,293
English as a Second Language	14-100-034-5120-067	7/1/13	6/30/14	1,397		699			(699)			
Handicapped Services (Chapter 193):												
Examination and Classification	15-100-034-5120-066	7/1/14	6/30/15	43,770			43,770	(32,955)		10,815		32,955
Examination and Classification	14-100-034-5120-066	7/1/13	6/30/14	43,953		13,693			(13,693)			8,123
Supplementary Instruction	15-100-034-5120-066	7/1/14	6/30/15	37,666			37,666	(22,207)		15,459		22,207
Supplementary Instruction	14-100-034-5120-066	7/1/13	6/30/14	34,692		10,061			(10,061)			4,235
Corrective Speech	15-100-034-5120-066	7/1/14	6/30/15	40,641			40,641	(29,597)		11,044		29,597
Corrective Speech	14-100-034-5120-066	7/1/13	6/30/14	47,653		7,890			(7,890)			12,030
Total Special Revenue Fund							262,402	(207,423)		54,979		351,204
Debt Service Fund:												
Debt Service Aid Type II	15-495-034-5120-075	7/1/14	6/30/15	5,097			5,097	(5,097)				5,097
Total Debt Service Fund							5,097	(5,097)				5,097

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Schedule B
2 of 2

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2014			Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO		
		From	To		Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
Enterprise Fund:													
State National School Lunch Program	15-100-010-3350-023	7/1/14	6/30/15	\$ 3,010			\$ 2,799	\$ (3,010)	\$ (211)	\$ 211	\$ 3,010		
State National School Lunch Program	14-100-010-3350-023	7/1/13	6/30/14	3,552	\$ (442)		442				3,552		
Total Enterprise Fund					(442)		3,241	(3,010)	(211)	211	6,562		
TOTAL STATE AWARDS					\$ (219,874)	\$ 56,488	\$ 1,862,941	\$ (1,795,686)	\$ (56,488)	\$ (127,846)	\$ 54,979	\$ 207,598	\$ 3,628,966

SEE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Borough of Hillsdale School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on 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 Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,862) for the general fund, and \$143,334 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of \$516,534 and \$819,999, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,913,827	\$ 2,913,827
Special Revenue Fund	\$ 416,715	218,506	635,221
Debt Service Fund		5,097	5,097
Proprietary Fund	71,024	3,010	74,034
	<u>71,024</u>	<u>3,010</u>	<u>74,034</u>
Total Financial Assistance	<u>\$ 487,739</u>	<u>\$ 3,140,440</u>	<u>\$ 3,628,179</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* or OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 715,195	\$ 715,195
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	12,167	12,167
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	20,423	20,423
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	23,739	23,739
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	12,690	12,690
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	12,690	12,690
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	675,867	675,867

- The threshold for distinguishing between Type A and Type B state programs was \$300,000.
- The District was determined to be as a "low-risk" auditee for state programs under the provisions of section 530 of the Federal Circular.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08.

BOROUGH OF HILLSDALE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.