

SCHOOL DISTRICT OF UPPER FREEHOLD REGIONAL

Allentown, New Jersey
County of Monmouth

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

UPPER FREEHOLD REGIONAL BOARD OF EDUCATION

ALLENTOWN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by

**Upper Freehold Regional School District
Finance Department**

OUTLINE OF CAFR - GASB #34

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INTRODUCTORY SECTION

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

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RICHARD M. FITZPATRICK, ED.D.
Superintendent of Schools

MARL G. GUTERL, MA
*Assistant Superintendent for
Curriculum and Instruction*

MARGARET HOM, M.S.B.A.
*Business Administrator
Board Secretary*

PATRICK LEARY, MA, M.Ed.
Director of Special Services

MICHAEL B. DEAN, MS
*Information and Technology Service
Manager*

December 14, 2015

The Honorable President and Members of
the Board of Education
Upper Freehold Regional School District
County of Monmouth, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Upper Freehold Regional 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 financial position and results of operations of the various funds and account groups 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, the 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 financial 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 Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04 and/or 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 Upper Freehold Regional School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Upper Freehold Regional School District and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education. The Upper Freehold Regional School District is a comprehensive educational organization that provides a full range of programs and services appropriate to grades pre-K through 12. These programs and services include regular, vocational as well as special education services for youngsters with a range of disabilities. The District completed the 2014-2015 school year with an enrollment of 2,331 students, compared to 2,336 students as of June 30, 2014. Enrollment is defined as students on roll and students placed out of District.

Changes in the student average daily enrollment of the District over the last five fiscal years were as follows:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	2,331	-0.2%
2013-2014	2,336	-1.6%
2012-2013	2,373	0.8%
2011-2012	2,355	1.0%
2010-2011	2,331	0.1%

In an effort to promote communication, the District continues to utilize its website as a source of information on a school and District-wide level. The District also uses the Superintendent Blog, Alert Now notices and attachments, and a parent portal to enable parents and teachers to stay connected with information regarding student attendance, homework, grades, curriculum, and special projects. Information about the budget is communicated through the district's website and in local presentations throughout the community during the budget review process. The District also produces a calendar with information about all aspects of school life - support services, special events, and closing information. This calendar is available on the District web page and School web pages.

Core Curriculum Content Standards

Our District is in line with the New Jersey Core Curriculum Content Standards and the National Common Core Standards. The District has an active 5-year curriculum review and revision process to ensure alignment with the New Jersey Core Curriculum Content Standards. The Assistant Superintendent facilitates this process for Curriculum and Instruction along with the members of the District's Curriculum Council. All curricula and courses of study are approved by the Board of Education and annually adopted at the Reorganizational meeting of the Board.

Staff Development

The Upper Freehold Regional School District provides its teaching staff with multiple opportunities for professional development that support the District's goals for staff development and the improvement of instruction.

The District provides extensive in-service programs for staff. Staff members are permitted and encouraged to attend workshops outside the District in addition to the in-house programs which are provided. A generous college course reimbursement program both for professional staff and for support staff is funded within the school budget.

Technology

District-wide technology is used to increase productivity, enhance communication, and to enrich curriculum and instruction. It is also used to document the full K-12 curriculum in the form of Curriculum Maps. The District uses a parent alert and notification service which enables the Superintendent to alert all parents via e-mail and phone messages regarding emergency school closings or critical information that must be communicated in a quick efficient manner.

2) ECONOMIC CONDITION AND OUTLOOK: The Upper Freehold Regional School District is comprised of the Borough of Allentown and Upper Freehold Township.

The District worked with our demographer to attempt to forecast future growth in the Township. That study showed that we will not see enrollment increasing at the rate of the past few years. Concerns about overcrowding have been eased with the opening of the new middle school in September 2010. The district no longer utilizes outside rental space to house our Pre-K program and to accommodate physical education programs for the middle school level. The Board has agreed to honor the State of New Jersey option of a 2% tax levy cap which eliminates the requirement for a vote of the Upper Freehold and Allentown communities to approve the proposed budget for a four year period.

3) MAJOR INITIATIVES: The District continues to develop and implement annual board goals, which serve as the areas of major focus for the Board. The Board aligns their annual goals with their 2013-2018 Strategic Plan. The following are the major goals and initiatives of the District as we move forward:

- Reduce class size in all sections Pre-K to 12 that exceed 30 students with priority given to English, Math, Science, and World Language at the Middle School and Allentown High School.
- Enhance and support differentiated instruction at all grade levels and with all building administrators.
- Offer critical number of electives and exploratories at the middle school level to expand options for learning and to offer depth to the curriculum.
- Expand the K-12 G&T program offerings and the process by which students are identified and the options we employ to meet the needs of all identified students
- Recommend enhancements in the Health/PE program that will ensure compliance with state standards and mandates and that promote a lifetime focus on wellness
- Increase the percentage of students successfully completing higher-level math courses at the middle and high school levels.
- Raise the level of performance in reading and writing for all students, Pre-K-12.
- Enhance support for and achievement of students with individualized education plans.
- Maximize the availability of technology in keeping with state requirements, regulations, and mandates. Our district continues to dedicate funds to fulfill all NJ PARCC requirements and to meet the goals of our 3 year Technology Plan
- Expand the options offered as part of the NJ CHOICE program which have been accepted by the State of NJ.
- Enhance achievement in all subjects through the use of curriculum-driven technology, including smart boards, wikis, blogging software simulations and a one to one computer initiative.
- Address the full range of needs identified in the Upper Freehold Regional School District 2013-2018 Strategic Plan
- Expand the range of co-curricular, extra-curricular, and student activities for students in grades Pre K-12
- Provide all students, teachers, and staff with a healthy and safe school environment
- Develop a staffing plan that aligns staffing needs with student enrollment, new course development, program initiation, the expansion of school facilities, and the long-range financial plan
- Expand the existing plan for effective communication with parents and community
- Identify community needs and opportunities for students to work in and contribute to their town
- Create service learning projects for grade levels and school organizations
- Continue to expand use of volunteers from the community
- Promote greater understanding related to areas of diversity
- Facilitate full implementation of anti-bullying program throughout the district

- Enhance articulation and communication about learning goals among students, staff, parents and develop curriculum connections with the Millstone School District.
- Faculty and administration work as colleagues to examine data as the basis for making decisions about curriculum, instructional materials, and teaching techniques.
- Elementary/middle school PTA organizes and funds numerous school activities, including educational assemblies, book fairs, family nights, as well as content based activities in the sciences, social studies, and humanities.
- Community members and school staff work together to promote excellence in the instruction of talented youth.
- Math and Writing Labs are in place at the high school to reinforce writing and math skills.
- Eighteen Advanced Placement Courses are offered at the high school, including AP Literature, AP Chemistry, AP Calculus, and AP European History. A large number of students obtain college credit for AP courses as a result of their strong performance on the AP examinations.
- Teachers infuse information literacy and career awareness into the curriculum.
- Character Education Programs promote Cooperation, Assertiveness, Respect/Responsibility, Empathy, and Self-Control.
- The Upper Freehold Regional School District Comprehensive Five-Year Technology Plan includes the expansion of a platform to support the website, enable online course presentation, and maximize the integration of Smart Board technology in all classrooms.
- Special education inclusion services are offered throughout the district.
- TV production elective courses are offered at AHS and taught by a highly trained instructor.
- Curriculum maps for all areas of study. K-12 are in place and are revised on an ongoing basis.
- Students in the Agricultural Science program, a local initiative that is part of the state-wide Choices option, are consistently recognized at the State and National level for their high achievement as one of the finest FFA Chapters in New Jersey and the nation.
- A district Child Watch program offers an extended-day program of child care.
The AHS Student Council named first in the state for contributing to the State Student Council Charity.
- Recognition our Redbird Robotics team received for their success in regional competitions.

4) 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 are 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, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6) 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.

7) DEBT ADMINISTRATION: The District retired \$1,645,000 in bond principal. At June 30, 2015, the District had \$51,370,000 of outstanding bonds payable. Detail regarding the District's outstanding bond issues is on Exhibit I-1.

8) 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 2. 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.

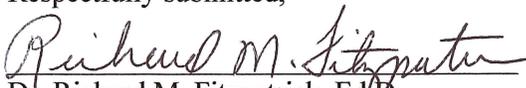
9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

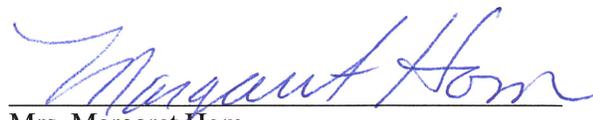
The District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. Additional information on the Fund is included in Note 11 to the Basic Financial Statements.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., was selected by the Board of Education at its last organization meeting. 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 Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04 and/ or 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 are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Upper Freehold Regional School District Board of Education 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 our business office staff.

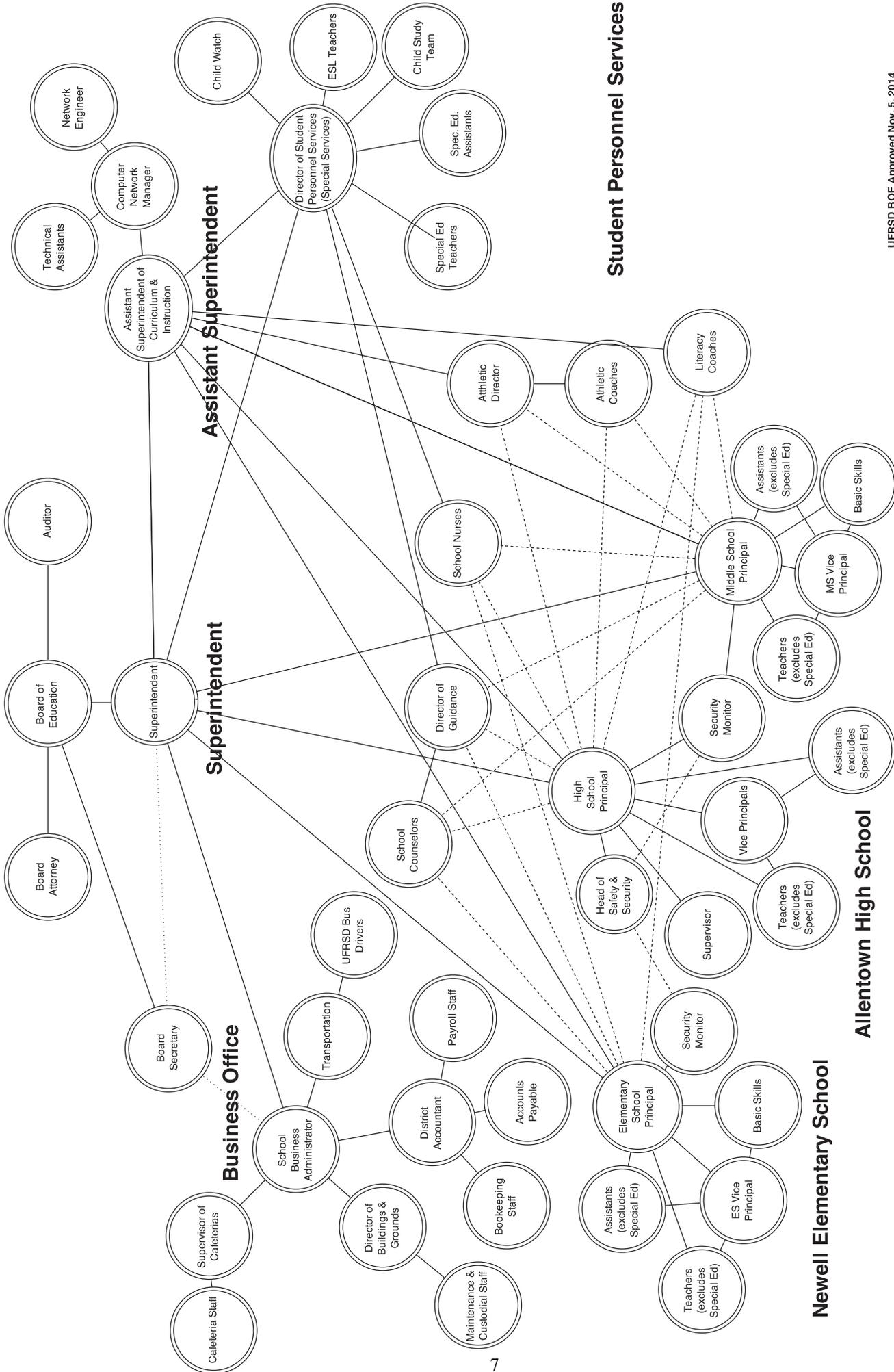
Respectfully submitted,


Dr. Richard M. Fitzpatrick, Ed.D.
Superintendent of Schools


Mrs. Margaret Horn
School Business Administrator/Board Secretary

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UFRSD Organizational Chart



Student Personnel Services

Stone Bridge Middle School

Allentown High School

Newell Elementary School

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ALLENTOWN, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2015

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Patricia Hogan, President	2016
Richard Smith, Vice President	2015
Douglas Anthony	2016
Howard Krieger	2015
Tia McLaughlin	2016
Amy Jacobson	2015
Patrick Nolan	2017
Timothy Stolzenberger	2017
Kurt Wayton	2017
Peter Katz	2015

OTHER OFFICIALS

Richard M. Fitzpatrick, ED.D., Superintendent of Schools

Diana L. Schiraldi, CPA, RSBA, School Business Administrator/Board Secretary

Cherie L. Adams, Esq., Board Attorney

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**UPPER FREEHOLD COUNTY REGIONAL SCHOOL DISTRICT
ALLENTOWN, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

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Holman Frenia Allison, P. C.
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Toms River, New Jersey 08753

ATTORNEY

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The Legal Center
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OFFICIAL DEPOSITORY

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FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Upper Freehold Regional School District
County of Monmouth
Allentown, New Jersey 08501

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 Upper Freehold Regional School District, County of Monmouth, State of New Jersey, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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.

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 Upper Freehold Regional School District, County of Monmouth, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplemental information as listed in the table of contents 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 Upper Freehold Regional School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates 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 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 accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the Upper Freehold Regional School 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 Upper Freehold Regional School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines,
Public School Accountant
Certified Public Accountant No. 2198

Toms River, New Jersey
December 14, 2015

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2015

UNAUDITED

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - *Basic Financial Statements- and Management's Discussion and Analysis for State and Local Governments* issued 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

Key financial highlights for the 2014-2015 fiscal year include the following:

- ◆ General revenues accounted for \$30,163,504 of all revenues. Specific revenues in the form of charges for services, operating grants & contributions accounted for \$16,884,404 to total revenues of \$47,047,908.
- ◆ The school district had \$47,415,252 in expenses; \$16,884,404 of these expenses were offset by program specific charges for services, grants or contributions.
- ◆ Total Net Position of governmental activities was \$4,053,125. Net Position decreased by \$256,378 from July 1, 2014 to June 30, 2015.
- ◆ The General Fund fund balance at June 30, 2015 is \$2,073,438, an increase of \$90,430 when compared with the beginning balance at July 1, 2014 of \$1,983,008.
- ◆ As described in Note 20 to the financial statements, "Prior Period Adjustment/Restatement of Net Position", the District has adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the year ended June 30, 2015. The adoption of this principle resulted in a restatement of the District's opening net position as of July 1, 2014 in the amount of \$10,769,358 as indicated in Note 20 to the financial statements. Prior year balances reflected in MD&A have been updated, for comparison purposes, to reflect the change where indicated.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Upper Freehold Regional School District as a financial whole, an entire operating entity. The statements then provide an increasingly detailed look at specific financial activities.

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Upper Freehold Regional School District.

- ◆ The first two statements are government-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 Upper Freehold Regional School District’s operation in more detail than the Government-wide statements.
- ◆ The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- ◆ Proprietary fund statements offer short-term and long-term financial information about the activities that the Upper Freehold Regional School District operates like businesses.
- ◆ Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Upper Freehold Regional School District, the General Fund is by far the most significant fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Upper Freehold Regional School District financial statements, including the portion of the District activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the Government-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: Food service fund; Kindergarten Complement program
Required financial statements	Statement of Net Position	Balance sheet	Statement of Net Position
	Statement of activities	Statement of revenue, expenditures and changes in fund balance	Statement of revenue, expenses and changes in fund Net Position Statement of cash flows
Accounting Basis	Accrual accounting	Modified accrual accounting	Accrual account and

and measurement focus	and economic resources focus	and current financial focus	economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets excepted 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, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-Wide Statements

The Government-Wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Government-Wide statements report the School District's *Net Position* and how they have changed. Net Position – the difference between the District's assets 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. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and administration. Aids from the State of New Jersey and from the Federal government along with local Property taxes finances most of these activities.
- ◆ Business-type activities – The District charges fees to help cover the costs of certain services it provides. The District's Food Service, Child Watch, and Kindergarten Complement programs are reported here.

Reporting the School District's Most Significant Funds

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. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, Special Revenue Fund and Debt Service Fund. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

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

The District has three kinds of funds:

- ◆ Governmental funds - 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) 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 Government-Wide statements.
- ◆ Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others. 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary Net Position and a statement of changes in fiduciary Net Position. We exclude these activities from the Government-Wide financial statements because the District cannot use these assets to finance its operations.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the Upper Freehold Regional School District

Net Position - Table A-1 provides a summary of the School District's Net Position for 2015. The District's Net Position for governmental activities was \$4,052,994 on June 30, 2015. (See Table A-1).

Table A-1
Upper Freehold Regional School District
Net Position
As of June 30, 2015

Current and Other Assets	\$	2,527,994
Capital Assets		65,882,517
Total Assets		68,410,511
Deferred Outflow of Resources		823,189
Deferred Charge on Refunding of Debt		3,210,527
Total Deferred Outflow of Resources		4,033,716
Long-Term Liabilities		63,441,941
Other Liabilities		4,042,638
Total Liabilities		67,484,579
Deferred Inflows Related to Pensions		906,523
Total Deferred Inflow of Resources		906,523
Net Position		
Net Investment in Capital Assets		10,664,198
Restricted		1,591,401
Unrestricted		(8,202,474)
Total Net Position	\$	4,053,125

Changes in Net Position - Table A-2 shows the changes in Net Position from fiscal year 2014 to fiscal year 2015. (See Table A-2)

Table A-2	
Upper Freehold Regional School District	
Change in Governmental Net Position	
For the year ended June 30, 2015	
Revenues	<u>June 30, 2015</u>
Program revenues	
Charges for services	\$ 8,275,922
Operating grants and contributions	7,682,693
General revenues	
Property taxes	23,852,235
State and Federal Aid	5,904,035
Other charges	387,827
Total revenues	\$ 46,102,712

Financial Analysis of the Upper Freehold Regional School District (continued)

Changes in Net Position (continued)

Expenses	
Governmental Activities:	
Instruction:	
Regular	\$ 10,922,950
Special Education	4,139,284
Other Special Instruction	162,253
Other Instruction	693,370
Support Services:	
Tuition	628,523
Attendance & Social Work Services	122,142
Health Services	299,459
Student & Instruction Related Services	3,502,197
Educational Media Services/School Library	547,323
Instruction Staff Training	106,757
School Administrative Services	1,317,802
Central Services	448,404
Administrative Information Technology	113,251
Other Administrative Services	568,745
Plant Operations and Maintenance	2,782,807
Pupil Transportation	1,677,027
Unallocated Benefits & Depreciation	13,507,472
Interest and Cost on Long-Term Debt	2,499,450
Unallocated Depreciation	2,200,643
Unallocated Adjustment to Capital Assets	119,231
	<hr/>
Total Governmental Activities	\$ 46,359,090
Net Increase (Decrease) in Net Position	\$ (256,378)

Governmental Activities [Source: B-2]

The unique nature of property taxes in New Jersey creates legal requirements to annually seek voter approval for the School District operations prior to 2014. Per legislation enacted in 2012, the Board Of Education approved the move of the school election to November. This eliminated the requirement for voter approval on the budget if the proposed tax levy increase does not exceed 2%. Property taxes made up 55.57% of revenues for governmental activities for the Upper Freehold Regional School District for fiscal year 2015. The District's total revenues were \$42,413,695. Federal, state and local grants accounted for another 23.33% of revenue. Tuition and transportation accounted for 19.51% of revenue. Miscellaneous revenue was 0.87%.

The total cost of all programs and services was \$42,780,449. Instruction including allocated benefits comprises 37.21% of District expenses.

Total revenues exceeded expenses, increasing Net Position by \$146,012 from the beginning balance at July 1, 2014.

Governmental Activities (continued)

Table A-3		
Upper Freehold Regional School District		
Net Cost of Governmental Activities		
Governmental Activities:	Total Cost	Net Cost
	of Services	of Services
	2015	
Instruction:		
Regular	\$ 10,922,950	\$ (2,750,151)
Special Education	4,139,284	(3,643,494)
Other Special Education	162,253	(162,253)
Other Instruction	693,370	(693,370)
Support Services:		
Tuition	628,523	(628,523)
Attendance & Social Work Services	122,142	(122,142)
Health Services	299,459	(299,459)
Student & Instruction Related Services	3,502,197	(3,441,549)
Educational Media Services/School Library	547,323	(547,323)
Instruction Staff Training	106,757	(106,757)
School Administrative Services	1,317,802	(1,317,802)
Central Services	448,404	(448,404)
Administrative Information Technology	113,251	(113,251)
Other Administrative Services	568,745	(568,745)
Plant Operations and Maintenance	2,782,807	(2,782,807)
Pupil Transportation	1,677,027	(1,573,904)
Unallocated Benefits & Depreciation	13,507,472	(6,492,441)
Interest and Cost on Long-Term Debt	2,499,450	(2,388,226)
Unallocated Depreciation	2,200,643	(2,200,643)
Unallocated Adjustments to Capital Assets	119,231	(119,231)
Total Governmental Activities	\$ 46,359,090	\$ (30,400,475)

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. General and business administrative services include expenses associated with the administrative and financial supervision of the District. Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District. Other includes unallocated depreciation and amortization.

Business-Type Activities

Revenue for the District’s business-like activities (food service program) were comprised of changes for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$85,445.
- Charges for services, which are amounts paid by patrons for daily food services, represent \$468,663 of total revenue.
- Federal and state reimbursements for meals, including for free and reduced lunches and donated commodities were \$143,545.

The School District’s Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$42,413,695 and expenditures were \$42,780,449. Other financing sources were \$512,766. The net change in fund balance for the year was an increase of \$146,012.

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from grade Pre-K through grade 12 including pupil transportation activities and capital outlay projects. The following schedule presents a summary of General Fund Revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

Table A-4				
Summary of General Fund Revenues				
For the Year Ended June 30, 2015				
	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
REVENUES				
Local sources:				
Local tax levy	\$ 20,045,562	\$ 19,274,578	\$ 770,984	4.0%
Tuition	8,172,799	7,515,568	657,231	8.7%
Transportation	103,123	57,540	45,583	79.2%
Miscellaneous	368,699	169,709	198,990	117.3%
Total - Local Sources	<u>28,690,183</u>	<u>27,017,395</u>	<u>(1,672,788)</u>	
State Sources	<u>9,241,168</u>	<u>8,624,046</u>	<u>617,122</u>	7.2%
Total - Govt Sources	<u>9,241,168</u>	<u>8,624,046</u>	<u>617,122</u>	
Other Financing Sources:				
Capital Lease	248,792	237,630	11,162	4.7%
Cancellation of Prior Years				
Accounts Payable	-	10,477	(10,477)	-100.0%
Total Other Financing Sources	<u>248,792</u>	<u>248,107</u>	<u>685</u>	
Total Revenues	<u>\$ 38,180,143</u>	<u>\$ 35,889,548</u>	<u>\$ 2,290,595</u>	

General Fund (continued)

The primary source of funding for the District is received from local tax levy that accounted for 52.50% of total revenues. State aid accounted for 24.20% of total revenues.

The following schedule presents a summary of General Fund expenditures. The summary reflects the dollar and percent increases from the prior year.

Table A-5 Summary of General Fund Expenditures For the Year Ended June 30, 2015				
	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Increase/ (Decrease)	Percent Increase/ (Decrease)
Current:				
Regular Instruction	\$ 10,922,950	\$ 11,042,421	\$ (119,471)	-1.08%
Special Education Instruction	3,805,747	3,587,569	218,178	6.08%
Other Instruction	693,370	671,181	22,189	3.31%
Support Services and Undistributed Costs:				
Tuition	628,523	620,038	8,485	1.37%
Attendance	122,142	120,298	1,844	1.53%
Health Services	299,459	303,634	(4,175)	-1.38%
Student & Instruction Related Services	3,441,549	3,225,663	215,886	6.69%
Educational Media Services/School Library	547,323	511,047	36,276	7.10%
Instructional Staff Training	106,757	83,500	23,257	27.85%
School Administrative Services	1,317,802	1,374,527	(56,725)	-4.13%
Central Services	448,404	426,307	22,097	5.18%
Administrative Information Technology	113,251	111,130	2,121	1.91%
Other Administrative Services	568,745	569,667	(922)	-0.16%
Plant Operations and Maintenance	3,033,214	3,150,111	(116,897)	-3.71%
Pupil Transportation	1,677,027	1,620,690	56,337	3.48%
Employee Benefits	9,838,296	9,099,577	738,719	8.12%
Capital Outlay	525,154	448,474	76,680	17.10%
Total Expenditures	\$ 38,089,713	\$ 36,965,834	\$ 1,123,879	3.04%

Total General Fund expenditures increased \$1,123,879 or 3.04% from the previous year.

The Upper Freehold Regional School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during school year. The amounts of fund balance designated to support the subsequent year's budgets were \$180,000 for the 2015-2016 school year.

General Fund Budgetary Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

General Fund Budgetary Highlights (continued)

The District’s final budget for the general fund anticipated that expenditures would exceed revenues by the amount of budgeted fund balance. The results for the year show a decrease in expenditures against appropriations.

Debt Service Fund

The current year obligations for payment of debt service principal and interest amounted to \$4,131,923. \$3,806,673 in funding was provided by from the local tax levy, \$5,634 was from miscellaneous revenue and \$111,224 was received as aid from the state. The balance was covered by proceeds from the refinancing of debt. This left a fund balance of \$55,585 as of June 30, 2015.

Enterprise Funds

The Food Service Fund had Net Position of \$375,117 at June 30, 2015. This reflects a decrease of \$85,445 from the prior year’s Net Position.

Capital Asset and Debt Administration

Capital Assets

At the end of 2015, the District had capital assets with a book value of \$65,872,517. This consists of a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-6.) Total depreciation expense for the year was \$2,200,643.

	2015	2014
Building & Bldg Improvements	\$ 78,608,310	\$ 78,536,613
Machinery and Equipment	3,873,137	3,711,478
Land	5,419,448	5,419,448
Total Capital Assets	87,900,895	87,667,539
Less: Accumulated Depreciation	(22,028,378)	(19,827,735)
Net Capital Assets	\$ 65,872,517	\$ 67,839,804

Long-Term Obligations

At June 30, 2015, the School District had \$65,802,961 in outstanding debt. Of this amount, \$51,370,000 is for bonds, \$506,572 is for capital leases, \$2,596,417 is for bond premium and \$10,203,933 is for Net Pension Liability.

At year-end, the District had \$51,370,000 in general obligation bonds, a decrease of \$1,573,000 from last year – as shown in Table A-7.

The District also has a \$399,872 liability for compensated absences. This liability represents the District’s contractual obligation to compensation employees for accumulated unused sick leave entitlements upon retirement.

Governmental Activity	Balance at June 30, 2015	Balance at June 30, 2014	Increase/ (Decrease)	% Chg
General Obligation Bonds Payable	\$ 51,370,000	\$ 52,943,000	\$ (1,573,000)	-3.0%
Capital Lease Payable	506,572	508,187	(1,615)	-0.3%
Compensated Absences	399,872	439,945	(40,073)	-9.1%
Bond premium	3,322,585	726,168	2,596,417	357.6%
Net Pension Liability	10,203,933	10,769,358	(565,425)	-5.3%
TOTAL	\$ 65,802,962	\$ 65,386,658	\$ 416,304	0.64%

For the Future

The Upper Freehold Regional School District is in good financial condition presently. However the district, along with many other public school districts in the state, faces a difficult financial future since the primary sources of funding are property tax revenue and state aid. As a result, the financial well being of the District is tied in large measure to the actions of the state legislature. Significant cuts in state funding and/or restrictions on the growth rate of the local property tax levy could have a substantial impact on the District’s programs and services. The growth rate on local property taxes was capped at 2% beginning with the 2011-2012 school year.

In conclusion, the Upper Freehold Regional School District has committed itself to financial excellence for many years. The School District’s system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management practices to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our 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 Margaret Hom, Secretary to the Board of Education and School Business Administrator at Upper Freehold Regional School District, 27 High Street, Allentown, NJ 08501 or e-mail homp@ufrsd.net.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 2,070,744	\$ 235,393	\$ 2,306,137
Receivables, Net	457,250	16,479	473,729
Inventory	-	21,276	21,276
Other receivables	-	7,583	7,583
Capital Assets, Net (Note 7)	65,882,517	407,797	66,290,314
Total Assets	68,410,511	688,528	69,099,039
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	823,189	-	823,189
Deferred Charge on Refunding of Debt	3,210,527	-	3,210,527
Total Deferred Outflow of Resources	4,033,716	-	4,033,716
Total Assets and Deferred Outflow of Resources	72,444,227	688,528	73,132,755
LIABILITIES			
Accounts Payable	309,500	15,769	325,269
Accrued Interest Expense	780,324	51	780,375
Intergovernmental Payable	10,806	-	10,806
Other Payables	7,714	-	7,714
Unearned Revenue	70,951	800	71,751
Pensions Payable	502,323	-	502,323
Noncurrent Liabilities (Note 8):			
Due Within One Year	2,361,020	25,660	2,386,680
Due Beyond One Year	63,441,941	67,066	63,509,007
Total Liabilities	67,484,579	109,346	67,593,925
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	906,523	-	906,523
Total Deferred Inflow of Resources	906,523	-	906,523
Total Liabilities and Deferred Inflows of Resources	68,391,102	109,346	68,500,448
NET POSITION			
Net Investment in Capital Assets	10,664,198	315,071	10,979,269
Restricted For:			
Other Purposes	1,591,401	-	1,591,401
Unrestricted	(8,202,474)	264,111	(7,938,363)
Total Net Position	\$ 4,053,125	\$ 579,182	\$ 4,632,307

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:					
Instruction:					
Regular	\$ 10,922,950	\$ 8,172,799	\$ -	\$ (2,750,151)	\$ (2,750,151)
Special Education	4,139,284	-	495,790	(3,643,494)	(3,643,494)
Other Special Instruction	162,253	-	-	(162,253)	(162,253)
Other Instruction	693,370	-	-	(693,370)	(693,370)
Support Services & Undistributed Costs:					
Tuition	628,523	-	-	(628,523)	(628,523)
Attendance & Social Work Services	122,142	-	-	(122,142)	(122,142)
Health Services	299,459	-	-	(299,459)	(299,459)
Student & Instruction Related Services	3,502,197	-	60,648	(3,441,549)	(3,441,549)
Educational Media Services/School Library	547,323	-	-	(547,323)	(547,323)
Instructional Staff Training	106,757	-	-	(106,757)	(106,757)
School Administrative Services	1,317,802	-	-	(1,317,802)	(1,317,802)
Central Services	448,404	-	-	(448,404)	(448,404)
Administrative Information Technology	113,251	-	-	(113,251)	(113,251)
Other Administrative Services	568,745	-	-	(568,745)	(568,745)
Plant Operations & Maintenance	2,782,807	-	-	(2,782,807)	(2,782,807)
Pupil Transportation	1,677,027	103,123	-	(1,573,904)	(1,573,904)
Unallocated Benefits	13,507,472	-	7,015,031	(6,492,441)	(6,492,441)
Interest and cost on Long-Term Debt	2,499,450	-	111,224	(2,388,226)	(2,388,226)
Unallocated Depreciation	2,200,643	-	-	(2,200,643)	(2,200,643)
Unallocated Adjustment to Capital Assets	119,231	-	-	(119,231)	(119,231)
Total Governmental Activities	46,359,090	8,275,922	7,682,693	(30,400,475)	(30,400,475)
Business-Type Activities:					
Food Service	697,965	449,568	143,545	-	(104,852)
Child Watch Program	199,799	215,076	-	-	15,277
Kindergarten Complement	158,398	117,600	-	-	(40,798)
Total Business-Type Activities	1,056,162	782,244	143,545	-	(130,373)
Total Primary Government	\$ 47,415,252	\$ 9,058,166	\$ 7,826,238	(30,400,475)	(30,530,848)

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	BUSINESS- TYPE	TOTAL
EXPENSES	CHARGES FOR SERVICES CONTRIBUTIONS OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	ACTIVITIES	TOTAL
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes, Net		20,045,562	-	20,045,562
Taxes Levied for Debt Service		3,806,673	-	3,806,673
Federal & State Aid Not Restricted		5,904,035	-	5,904,035
Adjustment to Capital Assets		-	312	312
Miscellaneous Income		387,827	19,095	406,922
		30,144,097	19,407	30,163,504
Total General Revenues, Special Items, Extraordinary Items & Transfers				
Change In Net Position		(256,378)	(110,966)	(367,344)
Net Position - Beginning, as restated, see Note 20		4,309,503	690,148	4,999,651
Net Position - Ending		4,053,125	\$ 579,182	\$ 4,632,307

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

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B. Fund Financial Statements

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

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Governmental Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Cash & Cash Equivalents	\$ 2,019,989	\$ -	\$ 55,585	\$ 2,075,574
Accounts Receivable:				-
Federal Aid	-	31,834	-	31,834
State Aid	402,240	715	-	402,955
Interfund	131	-	-	131
Other	12,229	10,101	-	22,330
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,434,589</u>	<u>\$ 42,650</u>	<u>\$ 55,585</u>	<u>\$ 2,532,824</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Cash Deficit	\$ -	\$ 4,830	\$ -	\$ 4,830
Accounts Payable	296,116	13,384	-	309,500
Intergovernmental Payable:				
State	-	10,806	-	10,806
Other Payables	7,583	131	-	7,714
Unearned Revenue	57,452	13,499	-	70,951
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	361,151	42,650	-	403,801
Fund Balances:				
Restricted for:				
Capital Reserve Account	392,398	-	-	392,398
Maintenance Reserve Account	496,980	-	-	496,980
Emergency Reserve Account	300,000	-	-	300,000
Excess Surplus	97,692	-	-	97,692
Debt Service Fund	-	-	55,585	55,585
Committed to:				
Other Purposes	248,746	-	-	248,746
Assigned to:				
Designated for Subsequent Year's Expenditures	180,000	-	-	180,000
Unassigned Fund Balance	357,622	-	-	357,622
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	2,073,438	-	55,585	2,129,023
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$ 2,434,589</u>	<u>\$ 42,650</u>	<u>\$ 55,585</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$87,910,895 and the accumulated depreciation is \$22,028,378.	65,882,517
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(83,334)
Deferred charges on refunding of debt is not recorded in the fund financials but is recorded on the government-wide financials.	3,210,527
Accrued interest payable and PERS pension payable are not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(1,282,647)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium and capital leases are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Illustrative Note 8)	(65,802,961)
	<hr/>
Net Position of Governmental Activities	<u>\$ 4,053,125</u>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:				
Local Sources:				
Local Tax Levy	\$ 20,045,562	\$ -	\$ 3,806,673	\$ 23,852,235
Tuition	8,172,799	-	-	8,172,799
Transportation	103,123	-	-	103,123
Rents and Royalties	12,163	-	-	12,163
Miscellaneous	356,536	13,494	5,634	375,664
Total Local Sources	<u>28,690,183</u>	<u>13,494</u>	<u>3,812,307</u>	<u>32,515,984</u>
State Sources	9,241,168	31,464	111,224	9,383,856
Federal Sources	-	513,855	-	513,855
Total Revenues	<u>37,931,351</u>	<u>558,813</u>	<u>3,923,531</u>	<u>42,413,695</u>
Expenditures:				
Current Expense:				
Regular Instruction	10,922,950	-	-	10,922,950
Special Education Instruction	3,643,494	495,790	-	4,139,284
Other Special Instruction	162,253	-	-	162,253
Other Instruction	693,370	-	-	693,370
Support Services:				
Tuition	628,523	-	-	628,523
Attendance	122,142	-	-	122,142
Health Services	299,459	-	-	299,459
Student & Instruction Related Services	3,441,549	60,648	-	3,502,197
Educational Media Services/School Library	547,323	-	-	547,323
Instructional Staff Training	106,757	-	-	106,757
School Administrative Services	1,317,802	-	-	1,317,802
Central Services	448,404	-	-	448,404
Administrative Information Technology	113,251	-	-	113,251
Other Administrative Services	568,745	-	-	568,745
Plant Operations & Maintenance	3,033,214	-	-	3,033,214
Pupil Transportation	1,677,027	-	-	1,677,027
Employee Benefits	9,838,296	-	-	9,838,296
Capital Outlay	525,154	2,375	-	527,529
Debt Service:				
Principal	-	-	1,645,000	1,645,000
Interest & Other Charges	-	-	2,486,923	2,486,923
Total Expenditures	<u>38,089,713</u>	<u>558,813</u>	<u>4,131,923</u>	<u>42,780,449</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(158,362)</u>	<u>-</u>	<u>(208,392)</u>	<u>(366,754)</u>
Other Financing Sources:				
Refunding Bond Proceeds	-	-	35,347,638	35,347,638
Deposit with Escrow Agent	-	-	(35,083,664)	(35,083,664)
Capital Lease Proceeds (Nonbudgeted)	248,792	-	-	248,792
Total Other Financing Sources	<u>248,792</u>	<u>-</u>	<u>263,974</u>	<u>512,766</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	90,430	-	55,582	146,012
Fund Balances July 1,	<u>1,983,008</u>	<u>-</u>	<u>3</u>	<u>1,983,011</u>
Fund Balances June 30,	<u>\$ 2,073,438</u>	<u>\$ -</u>	<u>\$ 55,585</u>	<u>\$ 2,129,023</u>

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 146,012

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 exceeded depreciation in the period:

Depreciation Expense	(\$2,200,643)	
Adjustments due to revaluation of capital assets	(119,231)	
Capital Outlays	362,587	(1,957,287)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2015	449,292	
Unfunded TPAF Pension Expense	(3,689,017)	
State Share of Unfunded TPAF Pension Expense	3,689,017	
Pension Expense	(469,524)	(20,232)

Repayment of bond 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. 1,645,000

Repayment of lease 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. 250,407

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Capital Lease Proceeds		(248,792)
2015 Bond Refunding		
Bond Proceeds	(32,620,000)	
Premiums	(2,727,637)	(35,347,637)

Advance refunding of debt issues are financing uses in the governmental funds. They are not expenses in the statement of activities; refunding of debt decreases long term liabilities in the statement of net position.

Loss on Refunding	2,535,663	
Bonds Refunded	32,548,000	35,083,663

Deferred Charge on Retirement of Debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Early Retirement of Debt	(121,429)	
Amortization of Bond Premiums	131,220	9,791

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Prior Year	922,948	
Current Year	(780,324)	142,624

In the statement of activities, certain operating expenses, e.g. compensated expenses (vacation & sick time) 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 paid. When the paid amount exceeds the earned amount the difference is an addition to the reconciliation; when the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation.

Prior Year	439,945	
Current Year	(399,872)	40,073

Change in Net Position of Governmental Activities \$ (256,378)

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

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Proprietary Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Current Assets:				
Cash & Cash Equivalents	\$ 39,148	\$ 156,562	\$ 39,683	\$ 235,393
Cash with Fiscal Agent				
Accounts Receivable:				
State	225	-	-	225
Federal	5,684	-	-	5,684
Miscellaneous	100	-	10,470	10,570
Other receivables	7,583	-	-	7,583
Inventories	21,276	-	-	21,276
Total Current Assets	74,016	156,562	50,153	280,731
Capital Assets:				
Equipment	714,115	-	-	714,115
Accumulated Depreciation	(306,318)	-	-	(306,318)
Total Capital Assets	407,797	-	-	407,797
Total Assets	481,813	156,562	50,153	688,528
Current Liabilities:				
Accounts Payable	13,919	1,850	-	15,769
Unearned Revenue	-	-	800	800
Capital Lease Payable	92,726	-	-	92,726
Accrued interest payable	51	-	-	51
Total Current Liabilities	106,696	1,850	800	109,346
NET POSITION				
Investment in Capital Assets	315,071	-	-	315,071
Unreserved	60,046	154,712	49,353	264,111
Total Net Position	\$ 375,117	\$ 154,712	\$ 49,353	\$ 579,182

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Operating Revenue:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 188,782	\$ -	\$ -	\$ 188,782
Total - Daily Sales - Reimbursable Programs	188,782	-	-	188,782
Daily Sales Nonreimbursable Programs	261,098	-	-	261,098
Fees	-	215,076	117,600	332,676
Miscellaneous Income	18,783	-	-	18,783
Total Operating Revenue	468,663	215,076	117,600	801,339
Operating Expenses:				
Salaries	317,980	178,370	110,788	607,138
Employee Benefits	-	-	28,375	28,375
Purchased Prof./Tech. Services	100,338	12,060	-	112,398
Purchased Property Services	13,411	-	-	13,411
Supplies and Materials	4,565	6,173	-	10,738
Depreciation	42,684	-	-	42,684
Miscellaneous	570	3,196	-	3,766
Cost of Sales	218,417	-	-	218,417
Bad Debt Expense	-	-	19,235	19,235
Total Operating Expenses	697,965	199,799	158,398	1,056,162
Operating (Loss)/Gain	(229,302)	15,277	(40,798)	(254,823)
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	3,918	-	-	3,918
Federal Sources:				
National School Breakfast Program	7,056	-	-	7,056
National School Lunch Program	87,293	-	-	87,293
Food Distribution Program	45,278	-	-	45,278
Adjustment to Capital Assets	312	-	-	312
Total Nonoperating Revenues	143,857	-	-	143,857
Change in Net Position	(85,445)	15,277	(40,798)	(110,966)
Net Position - July 1	460,562	139,435	90,151	690,148
Net Position - June 30	\$ 375,117	\$ 154,712	\$ 49,353	\$ 579,182

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 480,415	\$ 215,076	\$ 147,135	\$ 842,626
Payments to Employees	(317,980)	(178,370)	(110,788)	(607,138)
Payments to Suppliers	(298,386)	(19,579)	(46,810)	(364,775)
Net Cash Provided/(Used) by Operating Activities	<u>(135,951)</u>	<u>17,127</u>	<u>(10,463)</u>	<u>(129,287)</u>
Cash Flows From Capital & Related Financing Activities:				
(In)/Decrease In Capital Assets	(414)	-	-	(414)
Payment of Capital Lease	(36,199)	-	-	(36,199)
Net Cash Provided/(Used) by Capital & Related Financing Activities	<u>(36,613)</u>	<u>-</u>	<u>-</u>	<u>(36,613)</u>
Cash Flows From Noncapital Financing Activities:				
Cash Received From State & Federal Reimbursements	98,681	-	-	98,681
Net Cash Provided by Noncapital Financing Activities	<u>98,681</u>	<u>-</u>	<u>-</u>	<u>98,681</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(73,883)	17,127	(10,463)	(67,219)
Cash and Cash Equivalents, July 1	113,031	139,435	50,146	302,612
Cash & Cash Equivalents, June 30	<u>\$ 39,148</u>	<u>\$ 156,562</u>	<u>\$ 39,683</u>	<u>\$ 235,393</u>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (229,302)	\$ 15,277	\$ (40,798)	\$ (254,823)
Adjustments to Reconcile Operating to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	42,684	-	-	42,684
Food Distribution Program	45,278	-	-	45,278
Change in Assets & Liabilities:				
Decrease/(Increase) in Accounts Receivable	414	-	29,535	29,949
(Increase)/Decrease in Due from Other Funds	11,338	-	-	11,338
(Increase)/Decrease in Inventory	(3,926)	-	-	(3,926)
Increase/(Decrease) in Accounts Payable	(2,421)	1,850	-	(571)
Increase/(Decrease) in Accrued Interest Payable	(16)	-	-	(16)
Increase/(Decrease) in Unearned Revenue	-	-	800	800
Total Adjustments	<u>93,351</u>	<u>1,850</u>	<u>30,335</u>	<u>125,536</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (135,951)</u>	<u>\$ 17,127</u>	<u>\$ (10,463)</u>	<u>\$ (129,287)</u>

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

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Fiduciary Fund

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		JUNE 30, TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 267,381	\$ 47,382	\$ 162,339	\$ 177,987	\$ 655,089
Total Assets	267,381	47,382	162,339	177,987	655,089
LIABILITIES					
Payroll Deductions & Withholdings	-	-	162,339	-	162,339
Due to Student Groups	-	-	-	177,987	177,987
Total Liabilities	-	-	162,339	177,987	340,326
NET POSITION					
Reserved:					
Unemployment Claims	267,381	-	-	-	267,381
Scholarship Awards	-	47,382	-	-	47,382
Total Net Position	\$ 267,381	\$ 47,382	\$ -	\$ -	\$ 314,763

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ADDITIONS:	PRIVATE PURPOSE		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	
Contributions:			
Deductions From Employees'			
Salaries	\$ 51,523	\$ -	\$ 51,523
Donor Contributions	-	16,197	16,197
Total Contributions	51,523	16,197	67,720
Investment Earnings:			
Interest on Investments	-	-	-
Total Investment Earnings	-	-	-
Total Additions	51,523	16,197	67,720
DEDUCTIONS:			
Unemployment Claims	51,458	-	51,458
Scholarships Awarded	-	14,477	14,477
Total Deductions	51,458	14,477	65,935
Change in Net Position	65	1,720	1,785
Net Position - Beginning of Year	267,316	45,662	312,978
Net Position - End of Year	\$ 267,381	\$ 47,382	\$ 314,763

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

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies

The financial statements of the Upper Freehold Regional School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Upper Freehold Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include three schools which comprise the Upper Freehold Regional School District. The Upper Freehold Regional School District has an approximate enrollment at June 30, 2015 of 2,348 students.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units for the year ended June 30, 2015.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll Funds, Scholarship Funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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(m)1*. All budget amendments must be approved by School Board resolution.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 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 a reduction of the accounts receivables or 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.

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.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 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 public 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories and Prepaid Expenses

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Buildings - 50 Years
Building Improvements – 20 to 30 Years
Machinery & Equipment – 10 to 15 Years
Office & Computer Equipment – 5 to 10 Years
Vehicles – 8 Years

Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2015 for such salaries.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (continued):

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – (Amendment to GASB Statement No. 27) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of the Statements requires the District to report as an asset and/or a liability its portion of the collective net pension's asset and liability of the New Jersey Public Employees' Retirement System (PERS). The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

Also included as a deferred outflow is the District contributions to the pension system subsequent to the measurement date.

Recently Issued and Adopted Accounting Pronouncements

The District has adopted and implemented all current standards of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2015.

GASB has issued Statement No. 72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1. Summary of Significant Accounting Policies (continued):

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 14, 2015, which is the date the financial statements were available to be issued.

Pensions Section

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 2: Cash and Cash Equivalents

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2015 and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$ 2,961,226</u>
Total Deposits & Investments	<u><u>\$ 2,961,226</u></u>
 The District's Cash & Cash Equivalents are Reported as Follows:	
Governmental Fund	\$ 2,070,744
Business-Type Activities	235,393
Fiduciary Funds	<u>655,089</u>
Total Cash & Cash Equivalents	<u><u>\$ 2,961,226</u></u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$3,469,678 was exposed to custodial credit risk as follows:

FDIC Insured Funds	\$ 250,000
Uninsured Fund	564,664
Collateralized in the District's Name Under GUDPA	<u>2,655,014</u>
Total	<u><u>\$ 3,469,678</u></u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 3: Capital Reserve Account

A Capital Reserve Account was established by the Upper Freehold Regional School District for the accumulation of funds for use as capital outlay expenditures in subsequent 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 department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the 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 July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	322,263
Withdrawal per Budget		(229,865)
Plus:		
Resolution dated June 17, 2015		<u>300,000</u>
Ending Balance, June 30, 2015	<u>\$</u>	<u>392,398</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$9,489,125.

Note 4: Maintenance Reserve Account

A maintenance reserve account in the amount of \$150,000 was established by Board resolution on June 25, 2011. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to *N.J.A.C.6A:26A-4.2* funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 4: Maintenance Reserve Account (continued)

maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	696,980
Withdrawal per Budget		(500,000)
Plus:		
Resolution date June 17, 2015		<u>300,000</u>
Ending Balance, June 30, 2015	\$	<u><u>496,980</u></u>

Note 5: Emergency Reserve Account

An emergency reserve is restricted to be used to accumulate funds in accordance with *N.J.S.A.18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 % of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account which is approved by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The District deposited \$65,000 into an emergency reserve account during June 2008 pursuant to a Board resolution for use in subsequent fiscal years to finance unanticipated general fund expenditures. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	<u>300,000</u>
Ending Balance, June 30, 2015	\$	<u><u>300,000</u></u>

Note 6: Accounts Receivable

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 6: Accounts Receivable (continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Intergovernmental	\$ 402,240	\$ 32,549	\$ 5,909	\$ 440,698
Other	12,229	10,101	100	22,430
Total	<u>\$ 414,469</u>	<u>\$ 42,650</u>	<u>\$ 6,009</u>	<u>\$ 463,128</u>

Note 7: Capital Assets

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

	June 30, 2014	Additions	Deletions	Transfers/ Adjustments	June 30, 2015
Governmental Activities:					
Capital assets that are not being depreciated:					
Land	\$ 5,419,448	\$ -	\$ -	\$ -	\$ 5,419,448
Total capital assets not being depreciated	5,419,448	-	-	-	5,419,448
Buildings and improvements	78,536,613	-	-	71,697	78,608,310
Machinery and equipment	3,711,478	362,587	-	(190,928)	3,883,137
Subtotal	82,248,091	362,587	-	(119,231)	82,491,447
Less: accumulated depreciation:					
Buildings and improvements	(17,522,881)	(1,972,363)	-	-	(19,495,244)
Machinery and equipment	(2,304,854)	(228,280)	-	-	(2,533,134)
Total accumulated depreciation	(19,827,735)	(2,200,643)	-	-	(22,028,378)
Total capital assets being depreciated, net	62,420,356	(1,838,056)	-	(119,231)	60,463,069
Governmental activities capital assets, net	<u>\$ 67,839,804</u>	<u>\$ (1,838,056)</u>	<u>\$ -</u>	<u>\$ (119,231)</u>	<u>\$ 65,882,517</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 8: Long-Term Obligations

Changes in Long-Term Obligations for the year ended June 30, 2015, are as follows:

	<u>6/30/2014</u>					<u>6/30/2015</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments</u>	<u>Amortization</u>	<u>Balance</u>	<u>One year</u>
<u>Governmental Activities:</u>							
Bonds	\$ 52,943,000	\$ 32,620,000	\$ 1,645,000	\$ (32,548,000)	\$ -	\$ 51,370,000	\$ 1,960,000
Capital							
leases payable	508,187	248,792	250,407	-	-	506,572	176,713
Compensated							
absences payable	439,945	-	40,073	-	-	399,872	-
Bond premium	726,168	2,727,637	-	-	(131,220)	3,322,585	224,307
Net Pension Liability	10,769,358	-	565,425	-	-	10,203,933	-
	<u>\$ 65,386,658</u>	<u>\$ 35,596,429</u>	<u>\$ 2,500,905</u>	<u>\$ (32,548,000)</u>	<u>\$ (131,220)</u>	<u>\$ 65,802,962</u>	<u>\$ 2,361,020</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 will be liquidated through the debt service fund.

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

<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
2/24/2004	11/1/2016	3.35% - 3.60%	\$ 1,000,000
2/1/2005	2/15/2032	4.00% - 4.50%	210,000
11/2/2006	2/15/2035	4.00% - 4.375%	9,580,000
7/15/2007	7/11/2032	4.375% - 4.50%	785,000
5/4/2010	7/15/2023	4.00% - 4.50%	7,175,000
7/23/2014	7/15/2032	2.00% - 5.00%	9,595,000
4/22/2015	2/15/2032	4.00% - 4.50%	23,025,000
			<u>23,025,000</u>
			Total \$ <u>51,370,000</u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 8: Long-Term Obligations (continued)

A. Bonds Payable: (continued)

Principal and interest due on the District's serial bonds outstanding is as follows:

Year Ended	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2016	\$	1,960,000	\$	1,902,623	\$	3,862,623
2017		1,775,000		2,002,364		3,777,364
2018		1,830,000		1,942,804		3,772,804
2019		1,915,000		1,867,019		3,782,019
2020		2,000,000		1,783,544		3,783,544
2021-2025		11,470,000		7,542,906		19,012,906
2026-2030		14,290,000		5,044,869		19,334,869
2031-2035		16,130,000		1,952,562		18,082,562
		<u>\$ 51,370,000</u>		<u>\$ 24,038,691</u>		<u>\$ 75,408,691</u>

On May 4, 2010, the District issued \$9,175,000 refunding bonds with interest rates ranging from 3.00% to 5.00% to advance refund \$9,348,000 school bonds with interest rates ranging from 4.00% to 4.75%. The refunding bonds mature on July 15, 2010 through 2023. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

On July 23, 2014, the District issued \$9,595,000 refunding bonds with interest rates ranging from 2.00% to 5.00% to advance refund \$9,458,000 school bonds with interest rates ranging from 4.375% to 4.50%. The refunding bonds mature on July 15, 2015 through 2032. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on July 15, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

On April 22, 2015, the District issued \$23,025,000 refunding bonds with interest rates ranging from 4.00% to 4.50% to advance refund \$23,090,000 school bonds with interest rates ranging from 4.00% to 4.50%. The refunding bonds mature on July 15, 2010 through 2023. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on February 15, 2017. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's financial statements.

B. Bonds Authorized But Not Issued:

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 8: Long-Term Obligations (continued)

C. Capital Leases Payable:

The District has purchased buses, computer, audiovisual, athletic and other equipment, and musical instruments, collectively valued at \$1,242,522 under active lease agreements and has retired \$735,850 of the lease principal leaving a balance of \$506,672 at June 30, 2015. All of the capital leases are for terms of five years.

The schedule of the future minimum lease payments under the District's capital leases and the present value of the net minimum lease payments at June 30, 2015 is as follows:

	Year	Government <u>Activities</u>	Business Type <u>Activities</u>
	2016	\$183,852	\$31,529
	2017	183,997	31,529
	2018	101,282	31,529
	2019	<u>59,119</u>	<u>-</u>
Subtotal		521,250	94,587
Less: Amount representing interest		<u>(14,678)</u>	<u>(1,861)</u>
Present value of net minimum lease payments		<u>\$506,572</u>	<u>\$ 92,726</u>

The Government Activities and Business Type Activities current portion of capital leases payable at June 30, 2015 is \$176,716 and \$30,417 and the long-term portion is \$329,856 and \$62,309, respectively. The General Fund will be used to liquidate capital leases payable.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The liability at June 30, 2015 is \$399,872 all of which is a long-term liability.

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 Proprietary Funds.

Note 9: Pension Obligations

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

The following represents the membership tiers for PERS:

<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 1/5 5th 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, 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 member 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 55 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. 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 includes 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 and 2013, the State's pension contribution was less than the actuarial determined amount. 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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Three-Year Trend Information for PERS			
<u>Year</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2015	\$ 449,292	100%	\$ -
6/30/2014	424,576	100%	-
6/30/2013	477,796	100%	-

Components of Net Pension Liability - At June 30, 2015, the District reported a liability of \$10,203,933 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .05450%, which was a decrease of .00185% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
	July 1, 2014	July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 823,189	\$ 449,292
Deferred Inflows of Resources	\$ 906,523	N/A
Net Pension Liability	\$ 10,203,933	\$ 10,769,358
District's portion of the Plan's total net pension Liability	0.05450%	0.05635%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2015, the District recognized pension expense of \$469,524. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	320,866	-
Net difference between projected and actual earnings on pension plan investments	-	608,099
Changes in proportion and differences between District contributions and proportionate share of contributions	-	298,424
District contributions subsequent to the measurement date	502,323	-
Total	\$ 823,189	\$ 906,523

\$502,323 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30:</u>	<u>PERS</u>
2016	\$ (131,481)
2017	(131,481)
2018	(131,481)
2019	(131,481)
2020	(131,481)
Thereafter	71,746

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from 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 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's 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 US 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%
Total	100.00%	

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

Discount Rate - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on 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 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 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 net pension liability calculated using the discount rate as disclosed above, 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 (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>Decrease</u> 4.39%	<u>Discount</u> Rate (5.39%)	<u>Increase</u> 6.39%
District's proportionate share of the net pension liability	\$ 12,836,895	\$ 10,203,933	\$ 7,992,915

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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

The following represents the membership tiers for TPAF:

<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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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.

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. 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 includes 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 and 2013, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Three-Year Trend Information for TPAF (Paid on behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2015	\$2,156,756	100%	\$ -
6/30/2014	1,787,581	100%	-
6/30/2013	2,179,054	100%	-

Teachers Pensions and Annuity Fund (TPAF) - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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 plan investments is determined by the State Treasurer, after consultation with the Directors of

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

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 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%	0.50%
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%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	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%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. The single blended discount rate was based on 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 municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made on the average of the last five years. Based on those assumptions, the 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 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.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Note 10: Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (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. P.L. 2007, c.103 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 educational employees. As of June 30, 2015, there were 100,134 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding 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 free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2014.

Note 11: 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. The District has health benefits coverage for its employees under the State Employees' Health Benefit Plan.

Property and Liability Insurance

The Upper Freehold Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). The Fund provides general liability, workers' compensation, 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. The Fund 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 their respective members in order to keep local property taxes to a minimum. Each member

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 11: Risk Management (continued)

appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund 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.

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

Public Entity Group Administrative Services
51 Everett Drive, Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance – The District has elected to fund their 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 School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2014-2015	\$ -	\$ 51,523	\$ 51,458	\$ 267,381
2013-2014	-	94,801	59,920	267,316
2012-2013	155,901	47,160	109,833	232,435

Note 12: Contingent Liabilities

Litigation

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

Grant Programs

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 13: Economic Dependency

The District 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, could have an effect on the District's programs and activities.

Note 14: Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 131	\$ 7,583
Special Revenue Fund	-	131
Food Service Fund	<u>7,583</u>	<u>-</u>
Total	<u>\$ 7,714</u>	<u>\$ 7,714</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Note 15: 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, permits 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:

Equitable Life Assurance	Oppenheimer
Variable Annuity Life Insurance Company	Siracusa
Lincoln Investment	Legend
Metropolitan Life Insurance Company	

Note 16: 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 District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$399,872.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 16: Compensated Absences (continued)

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 proprietary fund types.

Note 17: Fund Balance

General Fund – Of the \$2,073,438 General Fund fund balance at June 30, 2015, \$392,398 has been restricted for the capital reserve account; \$496,980 has been restricted for the maintenance reserve account; \$300,000 has been restricted for the emergency reserve account; \$248,746 has been committed for other purposes; \$97,692 has been restricted for excess surplus; \$180,000 has been assigned for subsequent year's expenditures; and \$357,622 is unassigned.

Debt Service Fund – All of the \$55,585 Debt Service Fund fund balance at June 30, 2015, is restricted for debt service.

Note 18: Deficit Unrestricted Net Position

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(8,202,474) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

Note 19: 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 Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2015 is \$97,692.

Note 20: Prior Period Adjustment/Restatement of Net Position

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

Note 20: Prior Period Adjustment/Restatement of Net Position (continued)

	<u>Governmental Activities</u>
Net Position as previously reported at June 30, 2014	\$ 15,078,861
Prior period adjustment -	
Implementation of GASB 68:	
Net Pension Liability (measurement date as of June 30, 2013)	(10,769,358)
PERS Pension Payable (2015 district PERS Pension Contribution)	(449,292)
Deferred Outflows - district contributions made during fiscal year 2015	<u>449,292</u>
Total prior period adjustment	<u>(10,769,358)</u>
Net Position as restated, July 1, 2014	<u>\$ 4,309,503</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 20,045,562	\$ -	\$ 20,045,562	\$ 20,045,562	\$ -
Tuition from Individuals	10-1310	61,000	-	61,000	85,540	24,540
Tuition	10-1320	8,095,985	-	8,095,985	8,087,259	(8,726)
Transportation from Individuals	10-1410	58,500	-	58,500	48,610	(9,890)
Transportation	10-1420-1440	-	-	-	54,513	54,513
Rents and Royalties	10-1910	-	5,000	5,000	12,163	7,163
Miscellaneous Revenues	10-1XXX	170,300	(5,000)	165,300	356,536	191,236
Total Local Sources		28,431,347	-	28,431,347	28,690,183	258,836
State Sources:						
School Choice Aid	10-3116	1,129,910	(21,940)	1,107,970	1,107,970	-
Extraordinary Aid	10-3131	150,000	-	150,000	332,083	182,083
Categorical Special Education Aid	10-3132	976,240	-	976,240	976,240	-
Equalization Aid	10-3176	2,954,308	-	2,954,308	2,954,308	-
Categorical Security Aid	10-3177	122,431	-	122,431	122,431	-
Categorical Transportation Aid	10-3121	383,459	-	383,459	383,459	-
Non-Public Transportation Aid	10-3XXX	-	-	-	12,049	12,049
PARCC Readiness Aid	10-3XXX	17,005	-	17,005	17,005	-
Per Pupil Growth Aid	10-3XXX	17,005	-	17,005	17,005	-
Nonbudgeted:						
Reimbursed TPAF Social Security		-	-	-	1,169,258	1,169,258
On-Behalf TPAF Pension Contribution		-	-	-	777,585	777,585
On-Behalf TPAF Pension Contribution - Post Retirement Medical		-	-	-	1,323,227	1,323,227
On-Behalf TPAF Pension Contribution- NCGI		-	-	-	55,944	55,944
Total State Sources		5,750,358	(21,940)	5,728,418	9,248,564	3,520,146
Total Revenues		34,181,705	(21,940)	34,159,765	37,938,747	3,778,982
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Kindergarten	11-110-100-101	207,006	(65,300)	141,706	141,668	38
Grades 1-5	11-120-100-101	2,073,521	107,667	2,181,188	2,177,582	3,606
Grades 6 - 8	11-130-100-101	2,123,226	(144,082)	1,979,144	1,966,007	13,137
Grades 9 - 12	11-140-100-101	5,313,696	351,588	5,665,284	5,665,202	82
Home Instruction:						
Salaries of Teachers	11-150-100-101	14,000	19,346	33,346	33,345	1
Purchased Professional - Educational Services	11-150-100-320	7,000	12,981	19,981	17,766	2,215
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	55,200	(27,000)	28,200	27,951	249
Other Purchased Services	11-190-100-500	434,764	(35,326)	399,438	383,370	16,068
General Supplies	11-190-100-610	445,195	63,594	508,789	434,731	74,058
Textbooks	11-190-100-640	70,130	525	70,655	68,754	1,901
Other Objects	11-190-100-800	16,300	1,492	17,792	6,574	11,218
Total Regular Programs		10,760,038	285,485	11,045,523	10,922,950	122,573

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Resource Room:						
Salaries of Teachers	11-213-100-101	2,749,713	231,506	2,981,219	2,976,819	4,400
Other Salaries for Instruction	11-213-100-106	353,146	(43,250)	309,896	284,199	25,697
Purchased Prof - Ed Services	11-213-100-320	2,000	470	2,470	2,437	33
General Supplies	11-213-100-610	30,040	(1,235)	28,805	27,175	1,630
Textbooks	11-213-100-640	1,000	(40)	960	918	42
Other Objects	11-213-100-800	-	2,135	2,135	2,135	-
Total Resource Room		3,135,899	189,586	3,325,485	3,293,683	31,802
Preschool Disabilities - Full Time:						
Salaries of Teachers	11-216-100-101	269,821	(23,184)	246,637	246,376	261
Other Purchased Services	11-216-100-106	100,470	135	100,605	100,550	55
General Supplies	11-216-100-600	3,400	-	3,400	2,885	515
Total Preschool Disabilities - Full-Time		373,691	(23,049)	350,642	349,811	831
Total Special Education		3,509,590	166,537	3,676,127	3,643,494	32,633
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	127,058	-	127,058	124,142	2,916
General Supplies	11-230-100-610	5,931	(3,232)	2,699	2,290	409
Total Basic Skills/Remedial		132,989	(3,232)	129,757	126,432	3,325
Bilingual Education:						
Salaries of Teachers	11-240-100-101	44,799	-	44,799	34,831	9,968
General Supplies	11-240-100-610	1,585	(500)	1,085	990	95
Total Bilingual Education		46,384	(500)	45,884	35,821	10,063
School Sponsored Cocurricular Activities- Instruction:						
Salaries	11-401-100-100	195,938	(941)	194,997	172,058	22,939
Purchased Services	11-401-100-500	8,600	(200)	8,400	4,800	3,600
Supplies and Materials	11-401-100-600	8,100	7,299	15,399	12,532	2,867
Other Objects	11-401-100-800	5,750	(4,550)	1,200	1,200	-
Total School Sponsored Cocurricular Activities		218,388	1,608	219,996	190,590	29,406

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	355,480	39,307	394,787	355,529	39,258
Purchased Services	11-402-100-500	75,900	(5,058)	70,842	62,617	8,225
Supplies and Materials	11-402-100-600	54,497	3,887	58,384	53,668	4,716
Other Objects	11-402-100-800	28,114	3,652	31,766	30,966	800
Total School Sponsored Athletics Instruction		513,991	41,788	555,779	502,780	52,999
Total Instruction		15,181,380	491,686	15,673,066	15,422,067	250,999
Undistributed Expenditures:						
Instruction :						
Tuition to County Vocational School District - Regular	11-000-100-563	125,300	(30,000)	95,300	94,390	910
Tuition to County Vocational School District - Special	11-000-100-564	121,800	(45,000)	76,800	71,460	5,340
Tuition to CSSD & Regional Day School	11-000-100-565	66,045	22,202	88,247	85,525	2,722
Tuition to Private School for the Handicapped - State	11-000-100-566	569,710	(186,837)	382,873	377,148	5,725
Tuition - State Facilities	11-000-100-568	31,365	(31,365)	-	-	-
Total Undistributed Expenditures - Instruction		914,220	(271,000)	643,220	628,523	14,697
Attendance & Social Work Services:						
Salaries	11-000-211-100	114,599	2,600	117,199	116,611	588
Other Purchased Services	11-000-211-500	5,156	253	5,409	5,283	126
Supplies and Materials	11-000-211-600	250	-	250	248	2
Total Attendance & Social Work Services		120,005	2,853	122,858	122,142	716
Health Services:						
Salaries	11-000-213-100	276,680	(13,081)	263,599	262,534	1,065
Purchased Professional & Technical Services	11-000-213-300	23,500	6,428	29,928	29,928	-
Supplies and Materials	11-000-213-600	5,700	1,395	7,095	6,997	98
Total Health Services		305,880	(5,258)	300,622	299,459	1,163

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Speech, OT, PT & Related Services:						
Salaries	11-000-216-100	358,160	191,182	549,342	548,873	469
Purchased Services	11-000-216-320	3,400	106,899	110,299	104,402	5,897
Supplies and Materials	11-000-216-600	3,600	3,875	7,475	7,464	11
Total Speech, OT, PT & Related Services		365,160	301,956	667,116	660,739	6,377
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	685,157	(143,673)	541,484	537,063	4,421
Purchased Professional Ed. Services	11-000-217-320	144,187	(84,200)	59,987	58,807	1,180
Supplies and Materials	11-000-217-600	1,200	(1,200)	-	-	-
Total Other Support Services-Students-Extra Services		830,544	(229,073)	601,471	595,870	5,601
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	740,543	(45,920)	694,623	691,827	2,796
Salaries of Secretarial & Clerical Assistants	11-000-218-105	95,746	(20)	95,726	94,801	925
Purchased Professional - Educational Services	11-000-218-320	11,500	(69)	11,431	11,431	-
Other Purchased Professional & Technical Services	11-000-218-390	5,950	(299)	5,651	5,651	-
Other Purchased Services	11-000-218-500	16,337	(1,150)	15,187	15,187	-
Supplies and Materials	11-000-218-600	3,500	224	3,724	3,724	-
Total Guidance		873,576	(47,234)	826,342	822,621	3,721
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	783,420	(32,555)	750,865	744,852	6,013
Salaries of Secretarial & Clerical Assistants	11-000-219-105	148,875	1	148,876	148,706	170
Purchased Professional - Educational Services	11-000-219-320	-	64,570	64,570	64,536	34
Other Purchased Services (400-500 series)	11-000-219-500	4,200	(4,200)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	9,689	(1,628)	8,061	7,756	305
Supplies and Materials	11-000-219-600	11,215	(4,341)	6,874	6,850	24
Other Objects	11-000-219-800	1,100	-	1,100	1,000	100
Total Child Study Teams		958,499	21,847	980,346	973,700	6,646

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Improvement of Instruction Services/Other						
Support Services - Instruction Staff:						
Salaries of Supervisors of Instruction	11-000-221-102	180,882	33,790	214,672	214,302	370
Salaries of Other Professional Staff	11-000-221-104	35,941	-	35,941	33,851	2,090
Salaries of Secretarial & Clerical Assistants	11-000-221-105	45,362	-	45,362	45,361	1
Salaries of Facilitators, Math Literacy Coaches	11-000-221-176	-	77,997	77,997	77,884	113
Supplies and Materials	11-000-221-600	20,038	(4,600)	15,438	15,237	201
Other Objects	11-000-221-800	2,700	-	2,700	1,984	716
Total Improvement of Instruction Services/Other Support Services Instructional Staff		284,923	107,187	392,110	388,619	3,491
Educational Media Services/School Library:						
Salaries	11-000-222-100	400,811	(332)	400,479	396,741	3,738
Salaries of Tech Coordinators	11-000-222-177	106,080	968	107,048	107,047	1
Supplies and Materials	11-000-222-600	49,400	(2,904)	46,496	43,535	2,961
Total Educational Media Services/School Library		556,291	(2,268)	554,023	547,323	6,700
Support Services Instructional Staff Training Service:						
Salaries of Other Professional	11-000-223-104	58,026	(19,357)	38,669	38,669	-
Purchased Professional - Educational Services	11-000-223-320	6,000	(500)	5,500	5,350	150
Other Purchased Services	11-000-223-500	39,000	(4,057)	34,943	29,897	5,046
Supplies and Materials	11-000-223-600	7,550	31,272	38,822	27,742	11,080
Other Objects	11-000-223-800	3,550	1,749	5,299	5,099	200
Total Support Services Instructional Training Services		114,126	9,107	123,233	106,757	16,476
Support Services General Administration:						
Salaries	11-000-230-100	231,500	(6,400)	225,100	222,344	2,756
Legal Services	11-000-230-331	34,000	6,581	40,581	40,158	423
Audit Services	11-000-230-332	36,300	(2,000)	34,300	34,300	-
Architectural/Engineering Services	11-000-230-334	5,000	44,003	49,003	31,282	17,721
Other Purchased Professional Services	11-000-230-339	19,480	(12,361)	7,119	6,030	1,089
Communications/Telephone	11-000-230-530	90,111	9,646	99,757	91,702	8,055
Other Purchased Services	11-000-230-590	84,424	(10,361)	74,063	72,588	1,475
General Supplies	11-000-230-610	14,815	(7,933)	6,882	4,299	2,583
BOE In-House Training/Meeting Supplies	11-000-230-630	2,000	(2,000)	-	-	-
Judgments Against the School District	11-000-230-820	-	40,000	40,000	40,000	-
Miscellaneous Expenditures	11-000-230-890	9,756	1,667	11,423	11,283	140
BOE Membership Dues & Fees	11-000-230-895	17,500	(2,740)	14,760	14,759	1
Total Support Services General Administration		544,886	58,102	602,988	568,745	34,243

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	825,116	(8,430)	816,686	816,674	12
Salaries of Secretarial & Clerical Assistants	11-000-240-105	495,411	(18,834)	476,577	474,075	2,502
Purchased Prof. & Tech. Svcv.	11-000-240-300	-	5,003	5,003	5,002	1
Other Purchased Services	11-000-240-500	17,492	(1,478)	16,014	11,465	4,549
Supplies and Materials	11-000-240-600	11,420	413	11,833	8,846	2,987
Other Objects	11-000-240-800	1,000	740	1,740	1,740	-
Total Support Services School Administration		1,350,439	(22,586)	1,327,853	1,317,802	10,051
Central Services:						
Salaries	11-000-251-100	401,311	3,273	404,584	397,075	7,509
Purchased Professional Services	11-000-251-330	5,000	9,730	14,730	9,730	5,000
Purchased Technical Services	11-000-251-340	27,580	-	27,580	24,536	3,044
Miscellaneous Purchased Services	11-000-251-592	14,473	(2,674)	11,799	7,427	4,372
Supplies & Materials	11-000-251-600	6,641	1,800	8,441	7,115	1,326
Miscellaneous Expenditures	11-000-251-890	9,600	(1,300)	8,300	2,521	5,779
Total Central Services		464,605	10,829	475,434	448,404	27,030
Administrative Information Technology:						
Salaries	11-000-252-100	84,401	-	84,401	80,602	3,799
Purchased Professional Services	11-000-252-330	22,335	3,347	25,682	25,592	90
Other Purchased Services	11-000-252-500	1,100	(1,100)	-	-	-
Supplies and Materials	11-000-252-600	9,000	(1,500)	7,500	7,057	443
Total Administrative Information Technology		116,836	747	117,583	113,251	4,332
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	253,553	(35,575)	217,978	217,158	820
Cleaning, Repair & Maintenance Services	11-000-261-420	104,273	65,571	169,844	108,422	61,422
General Supplies	11-000-261-610	54,122	26,350	80,472	77,531	2,941
Total Required Maintenance for School Facilities		411,948	56,346	468,294	403,111	65,183

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Custodial Services:						
Salaries	11-000-262-100	839,924	7,835	847,759	827,731	20,028
Salaries of Non-Instructional Aides	11-000-262-107	193,033	(58,207)	134,826	134,538	288
Cleaning, Repair & Maintenance Services	11-000-262-420	52,400	(5,950)	46,450	46,006	444
Other Purchased Property Services	11-000-262-490	171,472	(3,417)	168,055	165,229	2,826
Insurance	11-000-262-520	207,378	(28,144)	179,234	179,234	-
Travel	11-000-262-580	-	43	43	43	-
Miscellaneous Purchased Services	11-000-262-590	1,443	(1,355)	88	88	-
General Supplies	11-000-262-610	205,310	(10,058)	195,252	188,915	6,337
Energy (Natural Gas)	11-000-262-621	139,801	(113)	139,688	134,381	5,307
Energy (Electricity)	11-000-262-622	623,250	(12,093)	611,157	574,229	36,928
Energy (Gasoline)	11-000-262-626	16,500	(6,000)	10,500	10,198	302
Other Objects	11-000-262-800	2,000	1,480	3,480	3,479	1
Total Custodial Services		2,452,511	(115,979)	2,336,532	2,264,071	72,461
Care & Upkeep of Grounds						
Cleaning, Repair & Maintenance Salaries	11-000-263-100	180,091	(5,599)	174,492	174,442	50
Cleaning, Repair & Maintenance General Supplies	11-000-263-420 11-000-263-610	2,800 48,206	1,615 8,208	4,415 56,414	4,415 53,138	- 3,276
Total Care & Upkeep of Grounds		231,097	4,224	235,321	231,995	3,326
Security						
Salaries	11-000-266-100	118,761	856	119,617	116,618	2,999
Cleaning, Repair & Maintenance General Supplies	11-000-266-420 11-000-266-610	8,710 5,450	1,200 4,156	9,910 9,606	8,736 8,683	1,174 923
Total Security		132,921	6,212	139,133	134,037	5,096
Student Transportation Services:						
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	18,000	2,330	20,330	12,178	8,152
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	-	1,670	1,670	1,669	1
Purchased Professional & Technical Services	11-000-270-390	77,781	1,635	79,416	79,413	3
Cleaning, Repair & Maintenance Services	11-000-270-420	10,000	1,000	11,000	10,411	589
Contracted Services (Other Than Between School) - Vendors	11-000-270-511	1,028,752	(207,265)	821,487	818,372	3,115

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Contracted Services Between Home & School - Vendors	11-000-270-512	139,475	7,955	147,430	144,353	3,077
Contracted Services (Between Home & Home & School) Joint Agreements	11-000-270-513	-	137,700	137,700	137,680	20
Contracted Services (Special Education) Vendors	11-000-270-514	-	266,544	266,544	266,251	293
Contracted Services (Regular Contract Svc (Sp Ed.) -joint agreements	11-000-270-515	175,400	(134,707)	40,693	39,797	896
Students) - ESCs & CTSAAs	11-000-270-517	76,000	(57,716)	18,284	15,228	3,056
Contracted Services (Special Education Students) - ESCs & CTSAAs	11-000-270-518	180,498	(94,933)	85,565	85,564	1
Aid in Lieu of Payments-Nonpublic	11-000-270-503	60,000	(17,895)	42,105	40,664	1,441
Miscellaneous Purchased Services - Transportation	11-000-270-593	12,540	8,704	21,244	21,244	-
Transportation Supplies	11-000-270-615	29,857	(10,448)	19,409	4,053	15,356
Other Objects	11-000-270-800	1,200	-	1,200	150	1,050
Total Student Transportation Services		1,809,503	(95,426)	1,714,077	1,677,027	37,050
Unallocated Benefits - Employee Benefits						
Social Security	11-000-291-220	479,500	11,388	490,888	478,735	12,153
Other Retirement Contributions - PERS	11-000-291-241	516,500	(67,208)	449,292	433,407	15,885
Other Retirement Contributions - Regular	11-000-291-249	6,000	(5,000)	1,000	794	206
Unemployment Compensation	11-000-291-250	5,000	(5,000)	-	-	-
Worker's Compensation	11-000-291-260	266,094	(7,625)	258,469	258,469	-
Health Benefits	11-000-291-270	5,355,408	(7,283)	5,348,125	5,218,728	129,397
Tuition Reimbursement	11-000-291-280	52,459	(12,770)	39,689	39,689	-
Other Employee Benefits	11-000-291-290	77,835	4,774	82,609	82,460	149
Total Unallocated Benefits - Employee Benefits		6,758,796	(88,724)	6,670,072	6,512,282	157,790
Nonbudgeted:						
Reimbursed TPAF Social Security Contribution		-	-	-	1,169,258	(1,169,258)
On-Behalf TPAF Pension Contributions		-	-	-	777,585	(777,585)
On-Behalf TPAF Pension Contributions - Post Retirement Medical		-	-	-	1,323,227	(1,323,227)
On-Behalf TPAF Pension Contributions -NCGI		-	-	-	55,944	(55,944)
Total Nonbudgeted		-	-	-	3,326,014	(3,326,014)
Total Undistributed Expenditures		19,596,766	(298,138)	19,298,628	22,142,492	(2,843,864)
Total Expenditures - Current Expense		34,778,146	193,548	34,971,694	37,564,559	(2,592,865)

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Regular Programs - Instruction:						
Grades 9 - 12	12-140-100-730	5,000	870	5,870	5,869	1
Instruction	12-000-100-730	3,960	-	3,960	-	3,960
Required Maintenance of School Facilities	12-000-261-730	-	78,505	78,505	54,873	23,632
Undistributed Expense - Care & Upkeep of Grounds	12-000-263-730	-	8,000	8,000	7,850	150
Total Equipment		8,960	87,375	96,335	68,592	27,743
Facilities Acquisition & Construction Services:						
Other Purchased Prof & Tech Service	12-000-400-300	-	22,400	22,400	18,878	3,522
Construction Services	12-000-400-450	-	142,120	142,120	23,950	118,170
Assessment for Debt Service on SDA Funding	12-000-400-896	164,942	-	164,942	164,942	-
Total Facilities Acquisition & Construction Services		164,942	164,520	329,462	207,770	121,692
Assets Acquired Under Capital Leases (Nonbudgeted)		-	-	-	248,792	(248,792)
Total Capital Outlay		173,902	251,895	425,797	525,154	(99,357)
Total Expenditures		34,952,048	445,443	35,397,491	38,089,713	(2,692,222)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(770,343)	(467,383)	(1,237,726)	(150,966)	1,086,760
Other Financing Sources/(Uses):						
Operating Transfer In:						
Capital Lease Proceeds (Nonbudgeted)		-	-	-	248,792	248,792
Total Other Financing Sources/(Uses)		-	-	-	248,792	248,792

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)		(770,343)	(467,383)	(1,237,726)	97,826	1,335,552
Fund Balances, July 1		2,502,420	-	2,502,420	2,502,420	-
Fund Balances, June 30		<u>1,732,077</u>	<u>(467,383)</u>	<u>1,264,694</u>	<u>2,600,246</u>	<u>1,335,552</u>

RECAPITULATION OF TRANSFERS:

Prior Year Reserve for Encumbrances	(134,233)
Additional Fund Balance Appropriated (to cover state aid reduction)	(21,940)
Additional Fund Balance Appropriated (Approved November 5, 2014)	(81,345)
Withdrawal from Capital Reserve (Approved March 18, 2015)	(55,960)
Withdrawal from Capital Reserve (Approved November 19, 2014)	(46,500)
Withdrawal from Capital Reserve (Approved August 13, 2014)	<u>(127,405)</u>
	<u>(467,383)</u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	392,398
Maintenance Reserve	496,980
Emergency Reserve	300,000
Excess Surplus	97,692
Excess Surplus Designated for Subsequent Year's Expenditures	-
Committed Fund Balance:	
Year-end Encumbrances	248,746
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	180,000
Unassigned Fund Balance	<u>884,430</u>
Subtotal	2,600,246
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(526,808)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>2,073,438</u></u>

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
State Sources	\$ 32,507	\$ 12,992	\$ 45,499	\$ 34,625	\$ 10,874
Federal Sources	574,573	38	574,611	507,086	67,525
Local Sources	15,165	11,646	26,811	13,494	13,317
Total Revenues	622,245	24,676	646,921	555,205	91,716
Expenditures:					
Instruction:					
Salaries of Teachers	73,860	(27,656)	46,204	25,758	20,446
Tuition	404,540	-	404,540	404,540	-
General Supplies	56,721	53,056	109,777	61,677	48,100
Textbooks	3,873	-	3,873	3,815	58
Total Instruction	538,994	25,400	564,394	495,790	68,604
Support Services:					
Salaries of Other Professional Staff	11,359	-	11,359	6,652	4,707
Benefits	8,851	(1,488)	7,363	4,411	2,952
Purchased Services	52,716	(77)	52,639	40,057	12,582
Other Purchased Service	8,245	(2,164)	6,081	3,221	2,860
Travel	-	630	630	630	-
Supplies and Materials	2,080	-	2,080	2,069	11
Total Support Services	83,251	(3,099)	80,152	57,040	23,112
Facilities Acquisition & Construction Services:					
Non-Instructional Equipment	-	2,375	2,375	2,375	-
Total Facilities Acquisition & Construction Services	-	2,375	2,375	2,375	-
Total Expenditures	622,245	24,676	646,921	555,205	91,716
Total Outflows	622,245	24,676	646,921	555,205	91,716
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 37,938,747	\$ 555,205
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	7,570
Current Year	-	(3,962)
 State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	 519,412	 -
 State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	 (526,808)	 -
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 37,931,351	\$ 558,813
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 38,089,713	\$ 555,205
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	-	7,570
Current Year	-	(3,962)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 38,089,713	\$ 558,813

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.05450%	0.05635%
District's proportionate share of the net pension liability (asset)	\$ 10,203,933	\$ 10,769,358
District's covered-employee payroll	\$ 3,694,468	\$ 3,851,068
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276.19%	279.65%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 502,323	\$ 449,292
Contributions in relation to the contractually required contribution	<u>502,323</u>	<u>449,292</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,694,468	\$ 3,851,068
Contributions as a percentage of covered- employee payroll	13.60%	11.67%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT'S
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.15531%	0.15531%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 83,007,855	\$ 79,988,513
District's covered-employee payroll	\$ 16,022,613	\$ 15,807,331
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Teachers Pension and Annuity Fund (TPAF)

Changes of benefit terms. 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.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table 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.

Public Employees' Retirement System (PERS)

Changes of benefit terms. 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.

Changes of assumptions. 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.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

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E. Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific proposes.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NO CHILD LEFT BEHIND				I.D.E.A. PART B BASIC REGULAR PROGRAM CARRYOVER	I.D.E.A. PART B BASIC CARRYOVER
	TITLE II PART A	TITLE I CARRYOVER	TITLE III	TITLE II PART A		
Revenues:						
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	15,682	6,081	42,584	8,022	405,829	13,988
Local Sources	-	-	-	-	-	-
Total Revenues	\$ 15,682	\$ 6,081	\$ 42,584	\$ 8,022	\$ 405,829	\$ 13,988
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 7,276	\$ -	\$ 18,482	\$ -	\$ -	\$ -
Tuition	-	-	-	-	404,540	-
General Supplies	-	-	22,467	4,694	-	-
Total Instruction	7,276	-	40,949	4,694	404,540	-
Support Services:						
Salaries	2,126	4,526	-	-	-	-
Purchased Professional Education Services	4,439	-	-	953	1,289	13,988
Personal Services - Employee Benefits	1,841	935	1,635	-	-	-
Other Purchases Services Travel	-	620	-	-	-	-
Total Support Services	8,406	6,081	1,635	953	1,289	13,988
Facilities Acquisition & Construction Services:						
Non-Instructional Equipment	-	-	-	2,375	-	-
Total Facilities Acquisition & Construction Services	-	-	-	2,375	-	-
Total Expenditures	\$ 15,682	\$ 6,081	\$ 42,584	\$ 8,022	\$ 405,829	\$ 13,988

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NONPUBLIC						
	TEXTBOOK	SUPPLEMENTARY INSTRUCTION	EXAMINATION	COMPENSATORY EDUCATION	ESL	NURSING	SPEECH SERVICES
Revenues:							
State Sources	\$ 3,815	\$ 3,924	\$ 5,222	\$ -	\$ 715	\$ 7,318	\$ 2,209
Federal Sources	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-
Total Revenues	\$ 3,815	\$ 3,924	\$ 5,222	\$ -	\$ 715	\$ 7,318	\$ 2,209
Expenditures:							
Instruction:							
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchase of Professional Education Services	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-
Textbooks	\$ 3,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Objects	-	-	-	-	-	-	-
Total Instruction	3,815						
Support Services:							
Salaries	-	-	-	-	-	-	-
Purchased Professional Education Services	-	3,924	5,222	-	715	7,318	2,209
Personal Services - Employee Benefits	-	-	-	-	-	-	-
Other Purchases Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Total Support Services	-	3,924	5,222	-	715	7,318	2,209
Facilities Acquisition & Construction Services:							
Non-instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition & Construction Services	-	-	-	-	-	-	-
Total Expenditures	\$ 3,815	\$ 3,924	\$ 5,222	\$ -	\$ 715	\$ 7,318	\$ 2,209

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	NONPUBLIC TECHNOLOGY	CASE GRANT	PERKINS GRANT	VARIOUS LOCAL GRANTS	TOTALS
Revenues:					
State Sources	\$ 2,069	\$ 9,353	\$ -	\$ -	\$ 34,625
Federal Sources	-	-	14,900	-	507,086
Local Sources	-	-	-	13,494	13,494
Total Revenues	<u>\$ 2,069</u>	<u>\$ 9,353</u>	<u>\$ 14,900</u>	<u>\$ 13,494</u>	<u>\$ 555,205</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ 25,758
Tuition	-	-	-	-	404,540
General Supplies	-	6,122	14,900	13,494	61,677
Textbooks	-	-	-	-	3,815
Total Instruction	<u>-</u>	<u>6,122</u>	<u>14,900</u>	<u>13,494</u>	<u>495,790</u>
Support Services:					
Salaries	-	-	-	-	6,652
Purchased Professional Education Services	-	-	-	-	40,057
Personal Services - Employee Benefits	-	-	-	-	4,411
Other Purchases Services	-	2,601	-	-	3,221
Travel	-	630	-	-	630
Supplies and Materials	2,069	-	-	-	2,069
Total Support Services	<u>2,069</u>	<u>3,231</u>	<u>-</u>	<u>-</u>	<u>57,040</u>
Facilities Acquisition & Construction Services:					
Non-Instructional Equipment	-	-	-	-	2,375
Total Facilities Acquisition & Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,375</u>
Total Expenditures	<u>\$ 2,069</u>	<u>\$ 9,353</u>	<u>\$ 14,900</u>	<u>\$ 13,494</u>	<u>\$ 555,205</u>

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F. Capital Projects Fund

Not Applicable

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G. Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the cost of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

CHILD WATCH

This Fund provides for the operation of the District's after-care program.

KINDERGARTEN COMPLEMENT

This Fund provides for the operation of the District's extra-curricular kindergarten activities.

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Enterprise Funds

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

ASSETS	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Current Assets:				
Cash & Cash Equivalents	\$ 39,148	\$ 156,562	\$ 39,683	\$ 235,393
Cash with Fiscal Agent				
Accounts Receivable:				
State	225	-	-	225
Federal	5,684	-	-	5,684
Miscellaneous	100	-	10,470	10,570
Due from Other Funds	7,583	-	-	7,583
Inventories	21,276	-	-	21,276
Total Current Assets	74,016	156,562	50,153	280,731
Capital Assets:				
Equipment	714,115	-	-	714,115
Accumulated Depreciation	(306,318)	-	-	(306,318)
Total Capital Assets	407,797	-	-	407,797
Total Assets	481,813	156,562	50,153	688,528
Current Liabilities:				
Accounts Payable	13,919	1,850	-	15,769
Unearned Revenue	-	-	800	800
Capital Lease Payable	92,726	-	-	92,726
Accrued interest payable	51	-	-	51
Total Current Liabilities	106,696	1,850	800	109,346
NET POSITION				
Investment in Capital Capital	315,071	-	-	315,071
Unreserved	60,046	154,712	49,353	264,111
Total Net Position	\$ 375,117	\$ 154,712	\$ 49,353	\$ 579,182

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS</u>			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 188,782	\$ -	\$ -	\$ 188,782
Total - Daily Sales - Reimbursable Programs	188,782	-	-	188,782
Daily Sales Nonreimbursable Programs	261,098	-	-	261,098
Fees	-	215,076	117,600	332,676
Miscellaneous Income	18,783	-	-	18,783
Total Operating Revenue	468,663	215,076	117,600	801,339
Operating Expenses:				
Salaries	317,980	178,370	110,788	607,138
Employee Benefits	-	-	28,375	28,375
Purchased Prof./Tech. Services	100,338	12,060	-	112,398
Purchased Property Services	13,411	-	-	13,411
Supplies and Materials	4,565	6,173	-	10,738
Depreciation	42,684	-	-	42,684
Miscellaneous	570	3,196	-	3,766
Cost of Sales	218,417	-	-	218,417
Bad Debt Expense	-	-	19,235	19,235
Total Operating Expenses	697,965	199,799	158,398	1,056,162
Operating/(Loss)/Gain	(229,302)	15,277	(40,798)	(254,823)
Nonoperating Revenues/(Expenses):				
State Sources:				
State School Lunch Program	3,918	-	-	3,918
Federal Sources:				
National School Breakfast Program	7,056	-	-	7,056
National School Lunch Program	87,293	-	-	87,293
Food Distribution Program	45,278	-	-	45,278
Adjustment to Capital Assets	312	-	-	312
Total Nonoperating Revenues/(Expenses)	143,857	-	-	143,857
Change in Net Position	(85,445)	15,277	(40,798)	(110,966)
Net Position - July 1	460,562	139,435	90,151	690,148
Net Position - June 30	\$ 375,117	\$ 154,712	\$ 49,353	\$ 579,182

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			TOTAL BUSINESS-TYPE ACTIVITIES
	FOOD SERVICE FUND	CHILD WATCH	KINDERGARTEN COMPLEMENT	
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 480,415	\$ 215,076	\$ 147,135	\$ 842,626
Payments to Employees	(317,980)	(178,370)	(110,788)	(607,138)
Payments to Suppliers	(298,386)	(19,579)	(46,810)	(364,775)
Net Cash Provided/(Used) by Operating Activities	(135,951)	17,127	(10,463)	(129,287)
Cash Flows From Noncapital Financing Activities:				
Cash Received From State & Federal Reimbursements	98,681	-	-	98,681
Net Cash Provided by Noncapital Financing Activities	98,681	-	-	98,681
Cash Flows From Capital & Related Financing Activities:				
(In)/Decrease In Capital Assets	(414)	-	-	(414)
Payment of Capital Lease	(36,199)	-	-	(36,199)
Net Cash Provided/(Used) by Capital & Related Financing Activities	(36,613)	-	-	(36,613)
Net Increase/(Decrease) in Cash & Cash Equivalents	(73,883)	17,127	(10,463)	(67,219)
Cash & Cash Equivalents, July 1	113,031	139,435	50,146	302,612
Cash & Cash Equivalents, June 30	\$ 39,148	\$ 156,562	\$ 39,683	\$ 235,393

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Operating Income/(Loss)	\$ (229,302)	\$ 15,277	\$ (40,798)	\$ (254,823)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	42,684	-	-	42,684
Food Distribution Program	45,278	-	-	45,278
Change in Assets & Liabilities:				
(Increase)/Decrease in Accounts Receivable	414	-	29,535	29,949
(Increase)/Decrease in Due from Other Funds	11,338	-	-	11,338
(Increase)/Decrease in Inventory	(3,926)	-	-	(3,926)
Increase/(Decrease) in Accounts Payable	(2,421)	1,850	-	(571)
Increase/(Decrease) in Accrued Interest Payable	(16)	-	-	(16)
Increase/(Decrease) in Unearned Revenue	-	-	800	800
Total Adjustments	93,351	1,850	30,335	125,536
Net Cash Provided/(Used) by Operating Activities	\$ (135,951)	\$ 17,127	\$ (10,463)	\$ (129,287)

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

Fiduciary Funds are used to account for funds received by the School District for a specific purpose

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Unemployment Compensation Trust: This Fund is used to account for assets to finance the cost of unemployment benefits.

Scholarship Trust: This Fund is used to account for scholarship funds.

Payroll Agency Fund: This Agency Fund is used to account for the payroll transactions of the School District.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTALS
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP TRUST	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 267,381	\$ 47,382	\$ 162,339	\$ 177,987	\$ 655,089
Total Assets	267,381	47,382	162,339	177,987	655,089
LIABILITIES					
Payroll Deductions & Withholdings	-	-	162,339	-	162,339
Due to Student Groups	-	-	-	177,987	177,987
Total Liabilities	-	-	162,339	177,987	340,326
NET POSITION					
Reserved:					
Unemployment Claims	267,381	-	-	-	267,381
Scholarships Awards	-	47,382	-	-	47,382
Total Net Position	\$ 267,381	\$ 47,382	\$ -	\$ -	\$ 314,763

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ADDITIONS:	<u>PRIVATE PURPOSE</u>		<u>TOTALS</u>
	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>SCHOLARSHIP TRUST</u>	
Contributions:			
Deductions From			
Employee's Salaries	\$ 51,523	\$ -	\$ 51,523
Donor Contributions	-	16,197	16,197
Total Contributions	51,523	16,197	67,720
Investment Earnings			
Interest on Investments	-	-	-
Total Investment Earnings	-	-	-
Total Additions	51,523	16,197	67,720
DEDUCTIONS:			
Unemployment Claims	51,458	-	51,458
Scholarships Awarded	-	14,477	14,477
Total Deductions	51,458	14,477	65,935
Change in Net Position	65	1,720	1,785
Net Position - Beginning of Year	267,316	45,662	312,978
Net Position - End of Year	\$ 267,381	\$ 47,382	\$ 314,763

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, <u>2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2015</u>
Cash and Cash Equivalents:				
High School				
Student Activity Fund	\$ 123,925	\$ 397,827	\$ 398,532	\$ 123,220
Elementary/Middle				
Student Activity Fund	57,186	150,891	153,310	54,767
HS Athletic Fund	52	43,550	43,602	-
MS Athletic Fund	-	7,400	7,400	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 181,163	\$ 599,668	\$ 602,844	\$ 177,987
LIABILITIES				
Due to Student Groups	\$ 181,163	\$ 599,668	\$ 602,844	\$ 177,987
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 181,163	\$ 599,668	\$ 602,844	\$ 177,987

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, <u>2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2015</u>
Cash & Cash Equivalents	\$ 159,701	\$ 24,462,285	\$ 24,459,647	\$ 162,339
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 159,701	\$ 24,462,285	\$ 24,459,647	\$ 162,339
LIABILITIES				
Net Payroll Deductions & Withholdings	159,701	24,462,285	24,459,647	162,339
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 159,701	\$ 24,462,285	\$ 24,459,647	\$ 162,339

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I. Long-Term Debt

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE				BALANCE JUNE 30, 2015
			DATE	AMOUNT		JUNE 30, 2014	ISSUED	REFUNDED	PAYMENTS	
School Refunding Bonds	2/24/2004	\$5,445,000	November 1,		3.500%	\$ 1,510,000	\$ -	\$ -	\$ 510,000	\$ 1,000,000
			2015	505,000						
School Bonds	2/1/2005	32,586,000	February 15,		4.000%	23,400,000	-	23,090,000	100,000	210,000
			2015	100,000						
School Refunding Bonds	11/2/2006	9,760,000	February 15,		4.000%	9,595,000	-		15,000	9,580,000
			2016	20,000						
			2017	20,000						
			2018	20,000						
			2019	25,000						
			2020	25,000						
			2021	25,000						
			2022	25,000						
			2023	30,000						
			2024	365,000						
			2025	25,000						
			2026	25,000						
			2027	25,000						
			2028	30,000						
			2029	30,000						
			2030	30,000						
			2031	30,000						
2032	35,000									
2033	2,815,000									
2034	2,930,000									
2035	3,050,000									
School Bonds	7/15/2007	12,238,000	July 15,		4.375%	10,608,000	-	9,458,000	365,000	785,000
			2015	385,000						
					Subtotal	45,113,000	-	32,548,000	990,000	11,575,000

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2015

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITY		INTEREST RATE	BALANCE			BALANCE JUNE 30, 2015	
			DATE	AMOUNT		JUNE 30, 2014	ISSUED	REFUNDED		PAYEMENTS
School Refunding Bonds	5/4/2010	9,175,000	July 15, 2015	685,000	4.000%	7,830,000	-		655,000	7,175,000
			2016	720,000	4.000%					
			2017	750,000	4.000%					
			2018	785,000	5.000%					
			2019	830,000	5.000%					
			2020	870,000	5.000%					
			2021	915,000	4.500%					
			2022	960,000	4.500%					
			2023	660,000	4.500%					
			School Refunding Bonds	7/23/2014	9,595,000					
2017	30,000	2.000%								
2018	450,000	3.000%								
2019	465,000	4.000%								
2020	480,000	3.000%								
2021	495,000	4.000%								
2022	515,000	4.000%								
2023	535,000	4.000%								
2024	555,000	4.000%								
2025	580,000	4.000%								
2026	605,000	5.000%								
2027	635,000	4.000%								
2028	655,000	4.000%								
2029	680,000	3.000%								
2030	700,000	3.125%								
2031	725,000	4.000%								
2032	750,000	4.000%								
2033	710,000	4.000%								
School Refunding Bonds	4/1/2015	23,025,000	2016	235,000	2.000%	-	23,025,000	-	-	23,025,000
			2017		2.000%					
			2018	610,000	3.000%					
			2019	640,000	4.000%					
			2020	665,000	3.000%					
			2021	700,000	4.000%					
			2022	735,000	4.000%					
			2023	775,000	4.000%					
			2024	810,000	4.000%					
			2025	1,895,000	4.000%					
			2026	1,960,000	5.000%					
			2027	2,050,000	4.000%					
			2028	2,170,000	4.000%					
			2029	2,285,000	3.000%					
			2030	2,410,000	3.125%					
2031	2,490,000	4.000%								
2032	2,595,000	4.000%								
Subtotal						7,830,000	32,620,000	-	655,000	39,795,000
Total						\$ 52,943,000	\$ 32,620,000	\$ 32,548,000	\$ 1,645,000	\$ 51,370,000

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2015**

ITEM	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2014	ISSUED CURRENT YEAR	RETIRED CURRENT YEAR	ADJUSTMENT	AMOUNT OUTSTANDING JUNE 30, 2015
Computer Equipment, Wireless Network Equipment, Smart Board Projectors & Phone System	2.89%	356,000	74,359	-	74,359	-	-
Technology Equipment	1.42%	400,000	242,530	-	79,702	-	162,828
Technology Equipment	1.31%	237,630	191,298	-	46,958	-	144,340
Technology Equipment	1.80%	248,792	-	248,792	49,388	-	199,404
			\$ 508,187	\$ 248,792	\$ 250,407	\$ -	\$ 506,572

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				POSITIVE/ NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$3,806,673	\$ -	\$3,806,673	\$ 3,806,673	\$ -
Miscellaneous	-	-	-	5,634	5,634
State Sources:					
Debt Service Aid Type II	111,224	-	111,224	111,224	-
Total Revenues	3,917,897	-	3,917,897	3,923,531	5,634
Expenditures:					
Regular Debt Service:					
Redemption of Principal	1,645,000	-	1,645,000	1,645,000	-
Interest on Bonds	2,272,900	-	2,272,900	2,222,949	49,951
Cost of Issuance of Debt	-	-	-	263,974	(263,974)
Total Expenditures	3,917,900	-	3,917,900	4,131,923	(214,023)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(3)	-	(3)	(208,392)	219,657
Other Financing Sources/(Uses):					
Refunding Bond Proceeds	-	-	-	35,347,638	(35,347,638)
Deposit with Escrow Agent	-	-	-	(35,083,664)	35,083,664
Total Other Financing Sources/(Uses)	-	-	-	263,974	(263,974)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)	(3)	-	(3)	55,582	(44,317)
Fund Balance July 1,	3	-	3	3	-
Fund Balance June 30,	\$ -	\$ -	\$ -	\$ 55,585	\$ (44,317)

STATISTICAL SECTION (Unaudited)

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 10,664,198	\$ 15,184,910	\$ 15,905,809	\$ 15,931,984	\$ 16,537,818	\$ 12,594,180	\$ 8,162,390	\$ 7,779,860	\$ 7,146,626	\$ 6,825,794
Restricted	1,591,401	1,473,823	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231
Unrestricted	(8,202,474)	(1,579,872)	(380,786)	(84,153)	(823,892)	(786,870)	(937,392)	(786,399)	(510,434)	(659,479)
Total Governmental Activities										
Net Position	\$ 4,053,125	\$ 15,078,861	\$ 18,272,868	\$ 19,320,750	\$ 18,265,704	\$ 16,247,138	\$ 12,564,119	\$ 12,323,688	\$ 11,489,613	\$ 9,376,546
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 315,071	\$ 321,244	\$ 118,649	\$ 60,234	\$ 76,392	\$ 85,669	\$ 97,317	\$ 108,890	\$ 22,479	\$ 26,466
Unrestricted	264,111	368,904	354,309	380,670	332,938	285,451	282,430	300,854	344,253	274,869
Total Business-Type Activities										
Net Position	\$ 579,182	\$ 690,148	\$ 472,958	\$ 440,904	\$ 409,330	\$ 371,120	\$ 379,747	\$ 409,744	\$ 366,732	\$ 301,335
Government-Wide:										
Net Investment in										
Capital Assets	\$ 10,979,269	\$ 15,506,154	\$ 16,024,458	\$ 15,992,218	\$ 16,614,210	\$ 12,679,849	\$ 8,259,707	\$ 7,888,750	\$ 7,169,105	\$ 6,852,260
Restricted	1,591,401	1,473,823	2,747,845	3,472,919	2,551,778	4,439,828	5,339,121	5,330,227	4,853,421	3,210,231
Unrestricted	(7,938,363)	(1,210,968)	(26,477)	296,517	(490,954)	(501,419)	(654,962)	(485,545)	(166,181)	(384,610)
Total District Net Position	\$ 4,632,307	\$ 15,769,009	\$ 18,745,826	\$ 19,761,654	\$ 18,675,034	\$ 16,618,258	\$ 12,943,866	\$ 12,733,432	\$ 11,856,345	\$ 9,677,881

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 10,922,950	\$ 11,253,265	\$ 11,230,594	\$ 10,416,719	\$ 13,700,058	\$ 13,835,996	\$ 13,991,836	\$ 13,352,518	\$ 12,718,706	\$ 11,581,265
Special Education	4,139,284	3,770,427	3,756,378	3,634,594	3,989,137	4,139,755	4,044,975	3,866,629	3,387,004	2,480,929
Other Special Instruction	162,253	220,688	184,556	277,994	435,855	472,049	453,310	462,458	670,848	479,887
Other Instruction	693,370	671,181	686,647	672,951	848,497	1,162,236	1,117,387	1,014,198	979,468	923,548
Support Services:										
Tuition	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455	686,042	535,867
Student & Instruction Related Services	4,577,878	4,315,732	4,086,559	3,904,706	5,283,263	5,881,764	4,310,409	3,908,071	3,093,702	3,199,944
General & Business Administrative Services	568,745	569,667	580,187	605,049	693,849	705,259	714,971	806,985	756,673	723,236
School Administrative Services	1,317,802	1,374,527	1,271,768	1,164,906	1,713,589	1,684,203	1,671,496	1,910,849	1,794,296	1,409,376
Central Services	448,404	414,077	414,077	406,278	490,081	456,924	438,861	601,378	468,007	611,552
Administrative Information Technology	113,251	111,130	122,052	78,909	170,212	242,999	345,634	248,841	250,931	227,481
Plant Operations and Maintenance	2,782,807	2,952,941	2,776,648	2,760,106	3,717,914	3,577,511	3,263,355	3,241,401	3,132,606	2,608,832
Pupil Transportation	1,677,027	1,620,690	1,546,100	1,705,789	1,542,613	1,884,507	1,872,993	1,645,325	1,428,592	1,540,679
Unallocated Benefits	13,507,472	9,087,954	9,154,772	7,854,638	2,578,753	2,525,663	2,710,102	2,602,006	2,066,327	2,274,805
Interest on Long-Term Debt	2,499,450	2,303,668	2,371,763	2,418,256	1,534,480	979,284	987,294	1,138,628	1,166,978	1,325,009
Unallocated Depreciation	2,200,643	3,309,361	2,171,803	2,178,365	1,534,480	979,284	987,294	1,138,628	1,166,978	1,325,009
Amortization Expense	-	-	54,715	54,715	-	-	-	-	-	-
Unallocated Compensated Absences Expense	-	-	20,790	20,790	-	-	-	-	-	-
Unallocated Adjustment to Capital Assets	119,231	-	-	184,000	-	-	-	-	-	-
Total Governmental Activities Expenses	46,359,090	42,595,346	41,270,044	39,373,644	37,709,848	38,419,079	36,743,577	35,474,742	32,600,180	29,922,410
Business-Type Activities:										
Food Service	697,965	757,201	757,201	787,417	734,119	755,572	699,848	619,348	603,619	565,656
Child Watch	199,799	197,101	197,101	201,633	215,748	299,683	359,468	370,939	322,389	368,048
Community Education	-	-	-	-	-	12,651	22,241	38,294	41,460	48,717
Kindergarten Complement	158,398	149,303	149,303	131,143	190,674	-	-	-	-	-
Millstone Busing	-	-	-	-	801,330	-	-	-	-	-
Total Business-Type Activities Expense	1,056,162	1,103,605	1,103,605	1,120,193	1,941,871	1,067,906	1,081,557	1,028,581	967,468	982,421
Total District Expenses	\$ 47,415,252	\$ 43,698,951	\$ 42,373,649	\$ 40,493,837	\$ 39,651,719	\$ 39,486,985	\$ 37,825,134	\$ 36,503,323	\$ 33,567,648	\$ 30,904,831
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 8,172,799	\$ 8,311,316	\$ 8,311,316	\$ 9,101,113	\$ 10,016,242	\$ 9,393,954	\$ 8,759,040	\$ 8,018,059	\$ 7,365,501	\$ 7,183,000
Pupil Transportation	103,123	58,430	58,430	91,965	101,123	17,692	53,463	16,016	62,967	26,586
Operating Grants & Contributions	7,682,693	580,584	580,584	605,984	4,087,006	5,114,033	4,238,731	4,283,912	4,083,118	1,483,682
Capital Grants and Contributions	-	-	-	-	952,856	4,011,447	-	30,693	375,136	-
Total Governmental Activities Program Revenues	15,958,615	8,950,330	8,950,330	9,799,062	15,157,227	18,537,126	13,051,234	12,348,680	11,886,722	8,693,268
Business-Type Activities:										
Charges for Services:										
Food Service	449,568	554,141	554,141	634,121	646,298	607,391	597,379	580,349	594,178	558,348
Child Watch	215,076	204,920	204,920	233,525	229,612	329,575	344,399	317,303	337,438	325,556
Community Education	-	-	-	-	-	16,179	17,354	31,826	33,625	45,205
Kindergarten Complement	117,600	192,299	192,299	142,454	146,900	-	-	-	-	-
Millstone Busing	-	-	-	-	801,330	-	-	-	-	-
Food Service	143,545	128,464	128,464	140,467	109,654	103,395	86,625	69,218	61,109	53,932

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Business Type Activities Program Revenues	925,789	1,079,824	1,079,824	1,150,567	1,933,794	1,056,540	1,045,757	998,696	1,026,350	983,041
Total District Program Revenues	\$ 16,884,404	\$ 10,030,154	\$ 10,030,154	\$ 10,949,629	\$ 17,091,021	\$ 19,593,666	\$ 14,096,991	\$ 13,347,376	\$ 12,913,072	\$ 9,676,309
Net (Expense)/Revenue:										
Governmental Activities	\$(30,400,475)	\$(33,645,016)	\$(32,319,714)	\$(29,574,582)	\$(22,552,621)	\$(19,881,953)	\$(23,692,343)	\$(23,126,062)	\$(20,713,458)	\$(21,229,142)
Business-Type Activities	(130,373)	(23,781)	(23,781)	30,374	(8,077)	(11,366)	(35,800)	(29,885)	58,882	620
Total Government-Wide Net Expense	\$ (30,530,848)	\$ (33,668,797)	\$ (32,343,495)	\$(29,544,208)	\$(22,560,698)	\$(19,893,319)	\$(23,728,143)	\$(23,155,947)	\$(20,654,576)	\$(21,228,522)
General Revenues & Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 20,045,562	\$ 18,722,271	\$ 18,722,271	\$ 18,355,168	\$ 18,083,910	\$ 17,388,707	\$ 16,927,226	\$ 16,509,074	\$ 15,597,479	\$ 13,445,349
Taxes Levied for Debt Service	3,806,673	3,807,652	3,807,652	3,856,255	3,435,289	3,308,827	2,580,505	2,385,075	2,310,737	2,474,933
Unrestricted Grants & Contributions	5,904,035	8,483,728	8,483,728	7,713,041	2,880,966	2,617,639	3,621,107	3,219,852	3,113,897	5,743,950
Investment Earnings	-	-	-	-	51,788	180,497	631,705	1,640,121	1,683,582	1,198,254
Miscellaneous Income	387,827	282,502	282,502	698,770	163,008	69,302	177,118	201,775	119,521	112,989
Transfers	-	(24,322)	(24,322)	-	(43,774)	-	(4,887)	(6,468)	1,309	(85,000)
Total Governmental Activities	30,144,097	31,271,831	31,271,831	30,623,234	24,571,187	23,564,972	23,932,774	23,949,429	22,826,525	22,890,475
Business-Type Activities:										
Investment Earnings	19,095	27,100	27,100	1,200	2,513	2,739	916	8,031	7,824	5,890
Adjustments to Fixed Assets	312	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	43,774	-	4,887	6,468	(1,309)	-
Total Business-Type Activities	19,407	27,100	27,100	1,200	46,287	2,739	5,803	14,499	6,515	5,890
Total Government-Wide	\$ 30,163,504	\$ 31,298,931	\$ 31,298,931	\$ 30,624,434	\$ 24,617,474	\$ 23,567,711	\$ 23,938,577	\$ 23,963,928	\$ 22,833,040	\$ 22,896,365
Change in Net Position:										
Governmental Activities	\$ (256,378)	\$ (2,373,185)	\$ (1,047,882)	\$ 1,048,652	\$ 2,018,566	\$ 3,683,019	\$ 240,431	\$ 823,367	\$ 2,113,067	\$ 1,661,333
Business-Type Activities	(110,966)	3,319	3,319	31,574	38,210	(8,627)	(29,997)	(15,386)	65,397	6,510
Total District	\$ (367,344)	\$ (2,369,866)	\$ (1,044,563)	\$ 1,080,226	\$ 2,056,776	\$ 3,674,392	\$ 210,434	\$ 807,981	\$ 2,178,464	\$ 1,667,843

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,																																																																																																	
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006																																																																																								
General Fund:																																																																																																		
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 855,591	\$ 1,412,286	\$ 848,512	\$ 1,149,613	\$ 659,434																																																																																								
Unreserved	-	-	-	-	-	420,350	354,899	507,406	491,428	472,196																																																																																								
Restricted	1,535,816	1,473,820	2,747,842	3,454,014	1,991,403	-	-	-	-	-																																																																																								
Assigned	180,000	250,000	-	140,112	437,830	-	-	-	-	-																																																																																								
Unassigned	357,622	259,188	311,452	369,583	442,338	-	-	-	-	-	Total General Fund	\$ 2,073,438	\$ 1,983,008	\$ 3,059,294	\$ 3,963,709	\$ 2,871,571	\$ 1,275,941	\$ 1,767,185	\$ 1,355,918	\$ 1,641,041	\$ 1,131,630	All Other Governmental Funds:											Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652,585	\$ 20,431,607	\$ 460,672	\$ 537,180	\$ 1,469,020	Unreserved, Reported in:											Debt Service Fund	-	-	-	-	-	148	445,001	366,263	456,491	253,586	Designated for Subsequent Year's Expenditures	-	-	-	-	-	88,895	(1,802,287)	37,206,360	30,149,343	29,380,014	Restricted	55,585	3	3	18,905	372,545	-	-	-	-	-	Total All Other Governmental Funds	\$ 55,585	\$ 3	\$ 3	\$ 18,905	\$ 372,545	\$ 3,741,628	\$ 19,074,321	\$ 38,033,295	\$ 31,143,014	\$ 31,102,620
Total General Fund	\$ 2,073,438	\$ 1,983,008	\$ 3,059,294	\$ 3,963,709	\$ 2,871,571	\$ 1,275,941	\$ 1,767,185	\$ 1,355,918	\$ 1,641,041	\$ 1,131,630																																																																																								
All Other Governmental Funds:																																																																																																		
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652,585	\$ 20,431,607	\$ 460,672	\$ 537,180	\$ 1,469,020																																																																																								
Unreserved, Reported in:																																																																																																		
Debt Service Fund	-	-	-	-	-	148	445,001	366,263	456,491	253,586																																																																																								
Designated for Subsequent Year's Expenditures	-	-	-	-	-	88,895	(1,802,287)	37,206,360	30,149,343	29,380,014																																																																																								
Restricted	55,585	3	3	18,905	372,545	-	-	-	-	-	Total All Other Governmental Funds	\$ 55,585	\$ 3	\$ 3	\$ 18,905	\$ 372,545	\$ 3,741,628	\$ 19,074,321	\$ 38,033,295	\$ 31,143,014	\$ 31,102,620																																																																													
Total All Other Governmental Funds	\$ 55,585	\$ 3	\$ 3	\$ 18,905	\$ 372,545	\$ 3,741,628	\$ 19,074,321	\$ 38,033,295	\$ 31,143,014	\$ 31,102,620																																																																																								

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Taxes Local	\$ 23,852,235	\$ 23,087,807	\$ 22,529,923	\$ 22,211,423	\$ 21,519,199	\$ 20,697,534	\$ 19,507,731	\$ 18,894,149	\$ 17,908,216	\$ 15,920,282
Tuition Charges	8,172,799	7,515,568	8,311,316	9,101,113	10,016,242	9,393,954	8,759,040	8,018,059	7,365,501	7,183,000
Interest Earnings	103,123	57,540	58,430	91,965	51,788	180,497	631,705	1,640,121	1,683,582	1,198,254
Rents and Royalties	12,163	-	-	-	-	-	-	-	-	-
Miscellaneous	375,664	174,325	282,502	240,775	289,157	99,363	268,488	242,211	198,636	139,575
State Sources	9,383,856	8,772,769	8,658,523	7,724,970	7,385,258	10,543,205	7,459,930	7,143,871	7,198,545	6,012,488
Federal Sources	513,855	421,158	405,789	594,055	510,544	1,187,545	362,001	366,166	357,458	369,254
Total Revenue	42,413,695	40,029,167	40,246,483	39,964,301	39,772,188	42,102,098	36,988,895	36,304,577	34,711,938	30,822,853
Expenditures:										
Instruction:										
Regular Instruction	10,922,950	11,042,421	10,830,594	10,416,719	10,326,663	10,796,737	10,751,895	10,030,717	9,269,312	9,053,100
Special Education Instruction	4,139,284	3,770,427	3,756,378	3,634,594	2,958,925	3,128,149	3,113,771	2,756,463	2,454,566	1,927,774
Other Instruction	855,623	891,869	871,203	950,945	993,329	1,171,398	1,167,183	1,112,726	1,194,013	1,155,471
Support Services:										
Tuition	628,523	620,038	861,425	1,034,879	1,011,547	870,929	820,954	675,455	780,832	630,657
Student & Instruction Related Services	4,577,878	4,315,732	4,086,559	3,993,663	3,980,175	4,364,486	3,481,866	3,127,662	2,840,371	2,536,203
General & Business Administration Services	568,745	569,667	580,187	598,655	619,453	626,723	660,869	694,594	735,217	644,417
School Administrative Services	1,317,802	1,374,527	1,271,768	1,164,906	1,244,634	1,263,153	1,273,593	1,368,222	1,240,712	1,191,563
Central Services	448,404	426,307	414,077	406,278	408,511	380,280	361,042	380,117	347,380	353,653
Administrative Information Technology	113,251	111,130	122,052	78,909	141,198	199,955	287,687	248,841	250,931	227,481
Plant Operations & Maintenance	3,033,214	3,150,111	3,212,479	3,208,007	3,279,370	3,191,916	3,141,338	2,928,285	2,795,834	2,576,723
Pupil Transportation	1,677,027	1,620,690	1,546,100	1,705,789	1,418,617	1,708,700	1,791,983	1,693,199	1,463,477	1,359,948
Unallocated Benefits	9,838,296	9,099,577	9,091,495	7,854,638	6,985,545	6,980,903	6,153,004	7,013,180	6,372,826	5,004,313
Capital outlay	527,529	448,474	969,119	644,372	4,687,845	19,823,552	19,211,535	6,677,775	1,243,692	3,298,412
Debt service:										
Principal	1,645,000	1,595,000	1,565,000	1,545,000	1,590,000	1,440,000	1,180,000	1,050,000	1,110,000	890,000
Interest & Other Charges	2,486,923	2,334,807	2,391,365	2,446,444	2,380,717	2,571,654	2,614,995	2,373,715	2,064,279	2,267,443
Total Expenditures	42,780,449	41,370,777	41,569,801	39,683,798	42,026,529	58,518,535	56,011,715	42,130,951	34,163,442	33,117,158
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(366,754)	(1,341,610)	(1,323,317)	280,503	(2,254,341)	(16,416,437)	(19,022,820)	(5,826,374)	548,496	(2,294,305)

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Other Financing Sources/(Uses):										
Bond Proceeds	35,347,638	-	-	-	-	-	-	12,238,000	9,760,000	32,586,000
Deposit with Escrow Agent	(35,083,664)	-	-	-	-	-	-	-	(9,760,000)	-
Withdrawal from Legal Reserve	-	-	-	-	-	-	-	-	-	(85,000)
Compensation for Loss on Fixed Assets	-	-	-	457,995	-	-	-	-	-	-
Proceeds from Capital Leases	248,792	237,630	400,000	-	356,000	592,500	480,000	200,000	-	-
Transfers in	-	10,477	(7,999)	187,053	168,662	392,037	624,317	1,581,287	557,587	1,108,549
Transfers Out	-	-	-	(187,053)	16,329	(392,037)	(629,204)	(1,587,755)	(556,278)	(1,108,549)
	-	-	-	-	(30,103)	-	-	-	-	-
Total Other Financing Sources/(Uses)	512,766	248,107	392,001	457,995	510,888	592,500	475,113	12,431,532	1,309	32,501,000
Net Change in Fund Balances	\$ 146,012	\$ (1,093,503)	\$ (931,316)	\$ 738,498	\$ (1,743,453)	\$ (15,823,937)	\$ (18,547,707)	\$ 6,605,158	\$ 549,805	\$ 30,206,695
Debt Service as a Percentage of Noncapital Expenditures	9.8%	9.6%	9.7%	10.2%	10.6%	10.4%	10.3%	9.7%	8.2%	10.6%

Source: District Records

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	TRANSPORTATION FROM LEA'S	OTHER	TOTAL
2015	\$ -	\$ 8,172,799	\$ 103,123	\$ 368,699	\$ 8,644,621
2014	1,613	7,515,568	57,540	168,096	7,742,817
2013	4,626	8,311,316	58,430	244,848	8,619,220
2012	3,765	9,101,113	91,965	194,431	9,391,274
2011	35,459	10,016,242	101,123	163,008	10,315,832
2010	28,350	9,393,954	17,692	69,302	9,509,298
2009	7,388	8,759,040	53,463	177,118	8,997,009
2008	83,178	8,018,059	16,016	177,431	8,294,684
2007	130,265	7,365,501	62,967	119,521	7,678,254
2006	88,446	7,183,000	26,586	87,452	7,385,484

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	(a) PUBLIC UTILITIES	NET TAXABLE VALUATION	TAX EXEMPT PROPERTY	(b) TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
Borough of Allentown													
2015	\$768,900	171,417,800	725	14,291,600	4,892,300	191,371,325	191,371,325	191,371,325	40,427,500	1.6890	184,917,697		
2014	768,900	171,804,250	725	14,291,600	4,892,300	191,757,775	191,757,775	191,757,775	40,405,800	1.6900	184,676,765		
2013	773,400	171,140,000	600	14,524,700	4,792,300	191,231,000	191,231,000	191,231,000	40,389,200	1.6470	193,149,507		
2012	773,400	172,318,400	600	14,778,200	4,792,300	192,662,900	192,662,900	192,662,900	40,389,200	1.6240	187,231,000		
2011	778,000	174,713,200	600	14,778,200	4,792,300	195,062,300	195,062,300	195,062,300	40,384,600	1.5790	192,662,900		
2010	367,200	90,953,150	4,300	8,151,000	2,368,400	101,844,050	101,844,050	101,844,050	17,116,200	2.9070	217,452,004		
2009	396,300	90,703,850	4,300	8,151,000	2,368,400	101,623,850	101,623,850	101,623,850	17,113,000	2.7830	214,722,746		
2008	430,700	90,145,200	4,300	8,151,000	2,368,400	101,099,600	101,099,600	101,099,600	17,113,000	2.7700	217,244,000		
2007	509,600	89,274,450	4,300	8,788,900	2,760,100	101,337,350	101,337,350	101,337,350	17,113,000	2.6390	201,310,974		
2006	484,100	88,808,100	4,300	8,744,800	2,760,100	100,801,400	100,801,400	101,916,382	17,253,300	2.5890	174,031,107		
Upper Freehold Township													
2015	25,128,200	934,330,800	155,685,300	9,584,000	43,995,300	13,573,300	396,300	1,182,693,200	2,246,862	1,182,693,200	193,348,100	1.7470	1,198,843,245
2014	25,918,000	940,518,000	154,666,100	9,399,200	46,001,200	13,573,300	396,300	1,190,472,100	2,246,862	1,192,718,962	190,761,400	1.6720	1,251,540,248
2013	23,282,000	928,795,000	155,761,800	9,868,200	41,539,500	13,573,300	396,300	1,173,216,100	2,261,626	1,175,477,726	182,939,500	1.6500	1,257,654,517
2012	24,488,300	923,218,500	160,605,900	9,898,800	41,166,200	13,572,100	396,300	1,173,346,100	2,362,572	1,175,708,672	176,968,300	1.6300	1,303,966,484
2011	24,371,400	1,017,799,800	179,397,700	9,752,900	44,613,300	14,671,100	427,900	1,291,034,100	3,021,871	1,294,055,971	173,674,500	1.4320	1,294,927,231
2010	25,534,400	1,068,528,300	177,388,700	9,820,700	47,696,300	14,671,100	427,900	1,344,067,400	3,585,249	1,347,652,649	169,909,300	1.3240	1,335,342,079
2009	30,601,700	1,069,197,500	175,747,600	9,774,100	46,857,000	14,671,100	427,900	1,347,276,900	3,707,887	1,350,984,787	168,743,500	1.2360	1,319,515,242
2008	43,060,200	1,030,177,600	173,575,500	10,149,600	46,029,500	14,588,000	427,900	1,318,008,300	2,509,829	1,320,518,129	162,619,600	1.2260	1,240,674,187
2007	51,267,100	982,273,800	171,703,900	10,278,800	47,923,100	14,588,000	427,900	1,278,462,600	2,378,268	1,280,840,868	156,362,400	1.1920	1,084,660,702
2006	23,171,700	460,054,000	73,285,100	9,903,100	17,360,100	6,572,400	188,400	590,534,800	1,573,442	592,108,242	43,001,870	2.2810	926,381,753

a. Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies
 b. Tax rates are per \$100 of assessed value
 * Property revaluation became effective in this year.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	BOROUGH OF ALLENTOWN	MONMOUTH COUNTY	
Allentown Borough						
2015	1.4837	0.2669	1.7506	0.8110	0.3060	2.8676
2014	1.411	0.2790	1.6900	0.8110	0.3060	2.8070
2013	1.3690	0.2780	1.6470	0.7790	0.3120	2.7380
2012	1.3421	0.2819	1.6240	0.7220	0.3050	2.6510
2011	1.3172	0.2617	1.5789	0.6630	0.3080	2.5499
2010	2.4429	0.4641	2.9070	1.2360	0.5820	4.7250
2009	2.3381	0.4449	2.7830	1.2070	0.5490	4.5390
2008	2.4036	0.3664	2.7700	1.1230	0.5470	4.4400
2007	2.3059	0.3331	2.6390	1.0540	0.5390	4.2320
2006	2.2549	0.3341	2.5890	1.0440	0.5150	4.1480

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	TOTAL DIRECT	UPPER FREEHOLD TOWNSHIP	MONMOUTH COUNTY	
Upper Freehold Township						
2015	1.5179	0.2731	1.7910	0.2680	0.3140	2.3730
2014	1.4610	0.2890	1.7500	0.2680	0.3140	2.3320
2013	1.3820	0.2900	1.6720	1.4680	0.3190	3.4590
2012	1.3560	0.2940	1.6500	1.9100	0.3110	3.8710
2011	1.3426	0.2821	1.6247	0.2300	0.3100	2.1647
2010	1.2033	0.2287	1.4320	0.2080	0.2700	1.9100
2009	1.1123	0.2117	1.3240	0.1890	0.2550	1.7680
2008	1.0725	0.1635	1.2360	0.1740	0.2480	1.6580
2007	1.0712	0.1548	1.2260	0.1520	0.2540	1.6320
2006	1.0382	0.1538	1.1920	0.1520	0.2520	1.5960

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO**

		2015		2015		2015	
ALLEN TOWN BOROUGH TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	UPPER FREEHOLD TOWNSHIP TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews	\$4,400,300	1	2.25%	Allentown Caging Equip Co.	\$9,834,000	1	0.81%
VAF Assoc	1,015,000	2	0.53%	Toll NJ VI, LP	4,565,400	2	0.37%
Individual Taxpayer 1	943,600	3	0.49%	ARC3 TSATNNJ001 LLC	3,985,200	3	0.33%
FirstCommerce	865,600	4	0.45%	Ashford Estate, LLC	3,941,400	4	0.32%
24 Hadley Georgia, LLC	824,600	5	0.43%	NJ DEP/UFT	3,852,500	5	0.32%
Owen Seeland, LLC	811,000	6	0.42%	Peronic Enterprises, LLC	3,722,000	6	0.31%
Peppler Funeral Home	801,700	7	0.42%	Individual Taxpayer 1	3,294,700	7	0.27%
First Wash St Bank	741,000	8	0.38%	Kube Pak	3,029,000	8	0.25%
Ind Taxpayer	695,800	9	0.36%	WP Wellington, LLC	2,906,100	9	0.24%
11 Church St, LLC	693,700	10	0.36%	Individual Taxpayer 2	2,743,400	10	0.22%
Total	\$11,792,300		6.09%	Total	\$41,873,700		3.44%

		2006		2006		2006	
TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYERS	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Towne Mews, LLC	\$2,510,500	1	2.47%	Allentown Caging Equip Co.	\$5,209,200	1	0.95%
NJ Bell Telephone, Co.	1,239,612	2	1.22%	Orleans, LLC	4,825,700	2	0.88%
Natwest Bank	524,600	3	0.52%	Toll NJ 1, LLC	3,223,300	3	0.59%
NJ Bell Telephone	490,200	4	0.48%	K.Hovnanian, LLC	2,986,800	4	0.55%
Individual Taxpayer 1	467,500	5	0.46%	Individual Taxpayer 1	2,482,900	5	0.45%
Individual Taxpayer 2	457,900	6	0.45%	Miscoski, F&E, J&W	2,156,000	6	0.39%
Peppler Funeral Home	427,100	7	0.42%	Peronic Enterprises	2,075,200	7	0.38%
Individual Taxpayer 3	407,000	8	0.40%	Crosswicks Farms, Inc.	1,716,800	8	0.31%
First Washington State	379,600	9	0.37%	Bell Atlantic Prop tax dept	1,573,442	9	0.29%
Individual Taxpayer 4	374,000	10	0.37%	Individual Taxpayer 2	1,566,000	10	0.29%
Total	\$7,278,012		7.16%	Total	\$27,815,342		5.08%

Source: Municipal Tax Assessor

Source: Municipal Tax Assessor

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY(a)		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
Allentown Borough				
2015	\$3,194,837	\$3,194,837	100.00%	N/A
2014	\$3,148,682	3,148,682	100.00%	N/A
2013	3,129,158	3,129,158	100.00%	N/A
2012	3,109,383	3,109,383	100.00%	N/A
2011	2,985,372	2,985,372	100.00%	N/A
2010	2,851,860	2,851,860	100.00%	N/A
2009	2,821,382	2,821,382	100.00%	N/A
2008	2,699,785	2,699,785	100.00%	N/A
2007	2,638,616	2,638,616	100.00%	N/A
2006	2,412,633	2,412,633	100.00%	N/A
Upper Freehold Township				
2015	\$20,657,398	\$20,657,398	100.00%	N/A
2014	19,939,125	19,939,125	100.00%	N/A
2013	19,400,865	19,400,865	100.00%	N/A
2012	19,102,040	19,102,040	100.00%	N/A
2011	18,533,827	18,533,827	100.00%	N/A
2010	17,845,674	17,845,674	100.00%	N/A
2009	16,686,349	16,686,349	100.00%	N/A
2008	16,194,364	16,194,364	100.00%	N/A
2007	15,269,600	15,269,600	100.00%	N/A
2006	13,507,649	13,507,649	100.00%	N/A

(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: Upper Freehold Regional School District records, including the Certificate and Report of School Taxes (A4F Form).

Debt Capacity Information

Debt capacity information is intended to assist in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			BOND ANTICIPATION NOTES (BANs)	BUSINESS- TYPE ACTIVITIES	TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES	CAPITAL LEASES					
2015	\$ 51,370,000	\$ 506,572		N/A	\$ 92,726	\$ 51,969,298	N/A	7,544
2014	52,943,000	508,187		N/A	128,925	53,580,112	N/A	7,763
2013	52,973,000	798,017		N/A	N/A	53,771,017	N/A	7,791
2012	56,103,000	657,435		N/A	N/A	56,760,435	11.40%	6,502
2011	57,648,000	1,105,336		N/A	N/A	58,753,336	12.31%	6,740
2010	59,238,000	1,055,073		N/A	N/A	60,293,073	12.63%	6,917
2009	60,851,000	934,954		N/A	N/A	61,785,954	12.37%	7,092
2008	62,031,000	958,040		N/A	N/A	62,989,040	13.00%	7,259
2007	50,843,000	1,276,520		N/A	N/A	52,119,520	11.66%	6,119

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ 51,370,000		\$ 51,370,000	4.343%	7,457
2014	52,943,000	-	52,943,000	4.439%	7,671
2013	52,973,000	-	52,973,000	4.441%	7,675
2012	56,103,000	-	56,103,000	4.092%	2,393
2011	57,648,000	-	57,648,000	4.127%	6,613
2010	59,238,000	-	59,238,000	4.085%	6,796
2009	60,851,000	-	60,851,000	4.191%	6,985
2008	62,031,000	-	62,031,000	4.360%	7,148
2007	50,843,000	-	50,843,000	3.677%	5,970

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	OVERLAPPING DEBT
Allentown Borough:			
Debt Repaid With Property Taxes:			
Allentown Borough	\$2,914,643	100.000%	\$2,914,643
Monmouth County General Obligation Debt	428,759,490	0.17500%	<u>750,329</u>
Subtotal, Overlapping Debt			3,664,972
Allentown Borough School District			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$3,664,972</u></u>
Upper Freehold Township:			
Debt Repaid With Property Taxes:			
Upper Freehold Township	\$17,161,915	100.000%	\$17,161,915
Monmouth County General Obligation Debt	428,759,490	1.07650%	<u>4,615,596</u>
Subtotal, Overlapping Debt			21,777,511
Upper Freehold School District Direct Debt			<u>51,969,298</u>
Total Direct & Overlapping Debt			<u><u>\$73,746,809</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.

Debt outstanding data provided by each governmental unit.

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 the residents and businesses of the above Municipalities. This process recognizes that, when considering the District's ability to issue and repay Long-Term debt, 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 payment.

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

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 57,018,700	\$ 57,300,588	\$ 58,765,386	\$ 60,168,099	\$ 73,616,923	\$ 73,602,503	\$71,464,256	\$66,570,251	\$59,890,193	\$65,199,163
Total Net Debt Applicable to Limit	51,370,000	52,943,000	54,538,000	56,103,000	57,648,000	59,238,000	60,851,000	62,031,000	50,843,000	51,274,000
Legal Debt Margin	\$5,648,700	\$4,357,588	4,227,386	4,065,099	15,968,923	14,364,503	10,613,256	4,539,251	9,047,193	13,925,163
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	90.09%	92.40%	92.81%	93.24%	78.31%	80.48%	85.15%	93.18%	84.89%	78.64%

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis		
	Allentown	Upper Freehold	Total
2015	\$210,168,539	\$1,263,545,689	\$1,473,714,228
2014	\$184,826,327	\$1,227,496,834	\$1,412,323,161
2013	\$186,530,433	\$1,203,834,665	\$1,390,365,098
			<u>\$4,276,402,487</u>
Average Equalized Valuation of Taxable Property			<u>\$1,425,467,496</u>
Debt Limit (4.0 % of Average Equalization Value)			<u>\$57,018,700</u>
Net Bonded School Debt			<u>51,370,000</u>
Legal Debt Margin			<u>\$5,648,700</u>

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

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economics statistics and factors prevalent in the location in which the School District operates.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

BOROUGH OF ALLENTOWN		COUNTY PER CAPITA		
YEAR	POPULATION (a)	PERSONAL INCOME (b)	PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
2015	1,807	N/A	N/A	5.1%
2014	1,828	N/A	N/A	5.1%
2013	1,828	N/A	N/A	7.7%
2012	1,828	N/A	N/A	7.4%
2011	1,828	56,955	104,113,740	7.4%
2010	1,840	54,771	100,778,640	7.3%
2009	1,840	54,771	100,778,640	7.2%
2008	1,844	57,353	105,758,932	4.4%
2007	1,856	55,826	103,613,056	3.4%
2006	1,868	52,499	98,068,132	3.7%
UPPER FREEHOLD TOWNSHIP				
2015	6,889	N/A	N/A	5.6%
2014	6,902	N/A	N/A	7.2%
2013	6,902	N/A	N/A	3.7%
2012	6,902	N/A	N/A	3.6%
2011	6,902	56,955	393,103,410	3.6%
2010	6,877	54,771	376,660,167	3.6%
2009	6,877	54,771	376,660,167	3.5%
2008	6,868	57,353	393,900,404	2.1%
2007	6,821	55,826	380,789,146	1.6%
2006	6,649	52,499	349,065,851	1.8%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Per Capita

c Personal Income

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

2015

NOT AVAILABLE

2006

NOT AVAILABLE

Source: Comprehensive Annual Financial Reports of Individual School Districts

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	142	141	140	134	136	150	147	168	163	154
Special Education	60	58	51	56	58	59	58	20	18	18
Other Special Instruction	1	1	1	1	1			3	3	3
Support Services:										
Student & Instruction										
Related Services	65	65	55	53	54	61	56	30	30	30
General Administrative	3	3	3	3	3	3	2	7	7	7
School Administrative	19	20	18	17	17	20	21	21	21	21
Plant Operations & Maintenance	27	32	38	38	39	31	20	15	15	15
Pupil Transportation			3	8	19	19	18	19	20	20
Business & Other										
Support Services	10	8	7	8	8	7	9	1	1	1
Total	327	328	316	318	335	350	331	284	278	269

Source: District Personnel Records

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						ELEMENTARY	MIDDLE	HIGH SCHOOL				
2015	2,348	\$ 37,564,559	15,999	-1.21%	203	7:1	10:1	18:1	2,331	2,230	-0.21%	95.67%
2014	2,255	36,517,360	16,194	6.20%	200	0.33	9:6:1	15:1	2,336.0	2,237	-0.30%	95.76%
2013	2,373	36,185,545	15,249	3.88%	205	10.3:1	9.5:1	13.1:1	2,343.0	2,241	0.51%	95.65%
2012	2,355	34,569,040	14,679	2.54%	190	11.8:1	9.7:1	13.1:1	2,331.0	2,232	0.00%	95.75%
2011	2,331	33,367,967	14,315	-4.21%	195	10.8:1	10.8:1	11.3:1	2,337.0	2,231	0.17%	95.46%
2010	2,321	34,683,329	14,943	6.85%	205	10.6:1		11.1:1	2,337.0	2,233	0.17%	95.55%
2009	2,360	33,005,185	13,985	0.73%	191	10.4:1		11.3:1	2,333.0	2,239	4.62%	95.97%
2008	2,307	32,029,461	13,884	7.31%	168	11.5:1		11.0:1	2,230.0	2,132	-2.28%	95.61%
2007	2,299	29,745,471	12,938	9.04%	163	12.1:1		11.5:1	2,282.0	2,172	2.42%	95.18%
2006	2,247	26,661,303	11,865	-0.68%	154	12.0:1		12.8:1	2,228.0	2,138	6.20%	95.96%

Sources: District records

Note: Enrollment based on annual October district count.

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).

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
High School:										
Square Feet	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623	196,623
Capacity (Students)	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264	1,264
Enrollment	1,262	1,240	1,240	1,218	1,166	1,144	1,139	1,078	1,075	1,028
Middle School:										
Square Feet	14,200	142,000	142,000	142,000	142,000	-	-	-	-	-
Capacity (Students)	650	650	650	650	650	-	-	-	-	-
Enrollment	522	447	544	550	532	-	-	-	-	-
Elementary School:										
Square Feet	104,610	104,610	104,610	104,610	104,610	-	-	-	-	-
Capacity (Students)	1,286	1,286	1,286	1,286	1,286	-	-	-	-	-
Enrollment	564	568	575	587	633	-	-	-	-	-
Elementary/Middle School:										
Square Feet	-	-	-	-	-	104,610	104,610	104,610	104,610	104,610
Capacity (Students)	-	-	-	-	-	1,286	1,286	1,286	1,286	1,286
Enrollment	-	-	-	-	-	1,177	1,221	1,229	1,224	1,219
Administration Building:										
Square Feet	-	-	-	-	3,164	3,164	3,164	3,164	3,164	3,164
Maintenance Offices (incl. Garage & Shed):										
Square Feet	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326	6,326
Imalystown School:										
Square Feet	-	-	-	-	6,815	6,815	6,815	6,815	6,815	6,815
Vocational Agricultural Building:										
Square Feet	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696	13,696
Annex Building:										
Square Feet	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536	12,536

Number of Schools at June 30, 2014:

- Elementary = 1
- Middle = 1
- High School = 1
- Other = 3

Source: Upper Freehold Regional School District Business Office.

Note: Increases in square footage and capacity are the result of additions.
Enrollment is based on the annual October District count.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
*										
Allentown Regional	\$ 260,205	\$ 190,410	\$ 190,410	\$ 239,434	\$ 178,158	\$ 276,794	\$ 62,767	\$ 60,293	\$ 61,988	\$ 76,190
Stone Bridge Middle	14,721	112,999	112,999	158,710	79,246					
Newell Elementary	121,258	107,018	107,018	137,149	101,898					
Upper Freehold Elementary/Middle						153,888	73,710	99,778	36,165	38,927
Imalystown School Annex	6,927	11,748	11,748	8,996	1,302	1,297	3,775	1,206	8,885	3,845
					9,230	15,012	4,334	7,796	4,348	5,083
Total School Facilities	403,111	422,175	422,175	544,289	369,834	446,991	144,586	169,073	111,386	124,045
Other Facilities		4,393		1,566	4,223	4,258	16,765	26,909	18,326	24,213
Total School Facilities	\$ 403,111	\$ 426,568	\$ 422,175	\$ 545,855	\$ 374,057	\$ 451,249	\$ 161,351	\$ 195,982	\$ 129,712	\$ 148,258

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

Source: District records

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015**

	COVERAGE	DEDUCTIBLE
School Alliance Insurance Fund:		
School Package Policy:		
Property - Blanket Building & Contents	250,000,000	1,000
Commercial General Liability	5,000,000	
Comprehensive Automobile Liability	5,000,000	1,000
Employee Benefits Liability	5,000,000	1,000
School Board Legal Liability	10,000,000	
 Excess Liability	 10,000,000	
 Public Employees' Faithful Performance Blanket Position Bond	 500,000	
 Workers' Compensation - Employer's Liability Limit	 5,000,000	
 Builders' Risk	 48,000,000	 1,000
 Public Official Bond:		
Board Secretary	300,000	

Source: District records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR'S 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

Honorable President and Members
of the Board of Education
Upper Freehold Regional School District
County of Monmouth
Allentown, New Jersey 08501

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Upper Freehold Regional School District, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Upper Freehold Regional School District's basic financial statements, and have issued our report thereon dated December 14, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Upper Freehold Regional School 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 Upper Freehold Regional School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Upper Freehold Regional School 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Public School Accountant
Certified Public Accountant
No. 2198

Toms River, New Jersey
December 14, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR
A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members
of the Board of Education
Upper Freehold Regional School District
County of Monmouth,
Allentown, New Jersey 08501

Report on Compliance for Each Major Federal and State Program

We have audited Upper Freehold Regional School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2015. Upper Freehold Regional School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Upper Freehold Regional School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and/or 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about Upper Freehold Regional School 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 federal and state program. However, our audit does not provide a legal determination of Upper Freehold Regional School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Upper Freehold Regional School 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 federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Upper Freehold Regional School 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 Upper Freehold Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 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 Upper Freehold Regional School 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 of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Rodney R. Haines
Public School Accountant
Certified Public Accountant
No. 2198

Toms River, New Jersey
December 14, 2015

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UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	UNEARNED REVENUE AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH										
STATE DEPARTMENT OF EDUCATION:										
Food Distribution Program	10.550	\$ 45,278	7/1/14-6/30/15	\$ -	\$ -	\$ 45,278	\$ (45,278)	\$ -	\$ -	\$ -
School Breakfast Program	10.553	7,056	7/1/14-6/30/15	-	-	6,474	(7,056)	(582)	-	-
School Breakfast Program	10.553	8,263	7/1/13-6/30/14	(711)	-	711	-	-	-	-
National School Lunch Program	10.555	87,293	7/1/14-6/30/15	-	-	82,191	(87,293)	(5,102)	-	-
National School Lunch Program	10.555	88,513	7/1/13-6/30/14	(5,369)	-	5,369	-	-	-	-
Total U.S. Department of Agriculture				(6,080)	-	140,023	(139,627)	(5,684)	-	-

U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH
STATE DEPARTMENT OF EDUCATION:

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	UNEARNED REVENUE AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH										
STATE DEPARTMENT OF EDUCATION:										
Special Revenue Fund:										
No Child Left Behind:										
Title I	84.010	64,564	9/1/14-8/31/15	-	-	42,098	(42,584)	(486)	-	-
Title I	84.010	54,312	9/1/13-8/31/14	(3,439)	-	3,439	-	-	-	-
Title I	84.010	26,498	9/1/12-8/31/13	(9,188)	-	9,188	-	-	-	-
Title II A	84.367A	32,214	9/1/14-8/31/15	-	-	11,875	(15,682)	(3,807)	-	-
Title II A	84.367A	34,581	9/1/13-8/31/14	(1,977)	-	1,977	(6,081)	(6,081)	-	-
Title II A	84.367A	32,101	9/1/12-8/31/13	(2,153)	-	2,153	-	-	-	-
Title II A	84.367A	33,601	9/1/11-8/31/12	(425)	-	425	-	-	-	-
Title III A	84.031A	11,788	9/1/14-8/31/15	-	-	8,022	(8,022)	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	408,982	9/1/14-8/31/15	-	-	387,691	(405,829)	(18,138)	-	-
I.D.E.A. Part B, Basic Regular	84.027	308,349	9/1/13-8/31/14	(91,847)	-	91,847	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	323,200	9/1/12-8/31/13	(1,415)	-	1,415	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	13,988	9/1/14-8/31/15	-	-	8,611	(13,988)	(5,377)	-	-
I.D.E.A. Part B, Preschool	84.173	14,459	9/1/13-8/31/14	(10,634)	-	10,634	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	12,706	9/1/12-8/31/13	(2,606)	-	2,606	-	-	-	-
Vocational Education:										
Perkins Grant	84.048	14,900	9/1/14-8/31/15	-	-	12,992	(14,900)	(1,908)	-	-
Perkins Grant	84.048	14,114	9/1/13-8/31/14	(2,239)	-	2,239	-	-	-	-
Total Special Revenue Fund				(125,923)	-	597,212	(507,086)	(35,797)	-	-
Total U.S. Department of Education				(125,923)	-	597,212	(507,086)	(35,797)	-	-
Total Federal Financial Assistance				\$ (132,003)	\$ -	\$ 737,235	\$ (646,713)	\$ (41,481)	\$ -	\$ -

UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CARRYOVER/ (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEAR BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2015	DUE TO GRANTOR AT JUNE 30, 2015	MEMO	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:												
General Fund:												
School Choice Aid	15-495-034-5120-068	1,107,970	7/1/14-6/30/15	\$ -	\$ -	1,107,970	(1,107,970)	\$ -	\$ -	\$ -	(104,633)	1,107,970
Special Education	15-495-034-5120-014	383,459	7/1/14-6/30/15	-	-	383,459	(383,459)	-	-	-	(36,213)	383,459
Special Education Categorical Aid	15-495-034-5120-089	976,240	7/1/14-6/30/15	-	-	976,240	(976,240)	-	-	-	(92,193)	976,240
Security Aid	15-495-034-5120-084	122,431	7/1/14-6/30/15	-	-	122,431	(122,431)	-	-	-	(11,562)	122,431
Equalization Aid	15-495-034-5120-078	2,954,308	7/1/14-6/30/15	-	-	2,954,308	(2,954,308)	-	-	-	(278,995)	2,954,308
PARCC Readiness Aid	15-495-034-5120-098	17,005	7/1/14-6/30/15	-	-	17,005	(17,005)	-	-	-	(1,606)	17,005
Per Pupil Growth Aid	15-495-034-5120-097	17,005	7/1/14-6/30/15	-	-	17,005	(17,005)	-	-	-	(1,606)	17,005
Transporation:												
Nonpublic School	15-495-034-5120-014	12,049	7/1/14-6/30/15	-	-	12,049	(12,049)	-	(12,049)	-	-	12,049
Nonpublic School	14-495-034-5120-014	12,069	7/1/13-6/30/14	(12,069)	-	-	-	-	-	-	-	-
Extraordinary Aid	15-495-034-5120-473	332,083	7/1/14-6/30/15	-	-	-	(332,083)	-	(332,083)	-	-	332,083
Extraordinary Aid	14-495-034-5120-473	231,216	7/1/13-6/30/14	(231,216)	-	-	-	-	-	-	-	-
Nonbudgeted:												
Reimbursed TPAF Social Security Contribution	15-100-034-5095-002	1,169,258	7/1/14-6/30/15	-	-	1,111,150	(1,169,258)	-	(58,108)	-	-	1,169,258
Reimbursed TPAF Social Security Contribution	14-100-034-5095-002	1,174,851	7/1/13-6/30/14	(58,576)	-	58,576	-	-	-	-	-	-
On-Behalf TPAF Pension Contribution - NCGI	15-100-034-5095-007	55,944	7/1/14-6/30/15	-	-	55,944	(55,944)	-	-	-	-	55,944
On-Behalf TPAF Pension Contribution - Post Retire Medica	15-100-034-5095-001	1,323,227	7/1/14-6/30/15	-	-	1,323,227	(1,323,227)	-	-	-	-	1,323,227
On-Behalf TPAF Pension Contribution - Normal	15-100-034-5095-006	777,585	7/1/14-6/30/15	-	-	777,585	(777,585)	-	-	-	-	777,585
Total General Fund				(301,861)	-	9,148,185	(9,248,564)	-	(402,240)	-	(526,808)	9,248,564
Special Revenue Fund:												
N.J. Nonpublic Aid:												
Textbook	15-100-034-5120-064	3,873	7/1/14-6/30/15	-	-	3,873	(3,815)	-	-	58	-	3,815
Textbook	14-100-034-5120-064	3,346	7/1/13-6/30/14	69	-	-	-	(69)	-	-	-	-
Nursing	15-100-034-5120-070	7,025	7/1/13-6/30/14	-	-	7,398	(7,318)	-	-	80	-	7,318
Nursing	14-100-034-5120-070	7,025	7/1/13-6/30/14	3	-	-	-	(3)	-	-	-	-
Technology	15-100-034-5120-373	2,080	7/1/13-6/30/15	-	-	2,080	(2,069)	-	-	11	-	2,069
Technology	14-100-034-5120-373	1,220	7/1/13-6/30/14	1	-	-	-	(1)	-	-	-	-
Auxiliary Service Aid (Chapter 192):												
Compensatory Education	15-100-034-5120-067	5,375	7/1/14-6/30/15	-	-	5,375	(715)	-	(715)	5,375	-	-
Home Instruction	13-100-034-5120-067	715	7/1/12-6/30/13	-	-	-	(715)	-	-	-	-	715
Handicapped Services Aid (Chapter 193):												
Supplementary Instruction	15-100-034-5120-066	5,493	7/1/14-6/30/15	-	-	5,493	(3,924)	-	-	1,569	-	3,924
Supplementary Instruction	14-100-034-5120-066	5,551	7/1/13-6/30/14	1,388	-	-	-	(1,388)	-	-	-	-
Examination & Classification	15-100-034-5120-066	8,288	7/1/14-6/30/15	-	-	8,288	(5,222)	-	-	3,066	-	5,222
Examination & Classification	14-100-034-5120-066	10,990	7/1/13-6/30/14	7,485	-	-	-	(7,485)	-	-	-	-
Corrective Speech	15-100-034-5120-066	2,209	7/1/14-6/30/15	-	-	2,209	(2,209)	-	-	-	-	2,209
NJ Curriculum for Agricultural Science Education (CASE)	15-100-010-3330-019	10,000	7/1/14-6/30/15	-	-	10,000	(9,353)	-	-	647	-	9,353
Total Special Revenue Fund				8,946	-	44,716	(34,625)	(8,946)	(715)	10,806	-	35,340
Enterprise Fund:												
National School Lunch Program (State Share)												
National School Lunch Program (State Share)	15-100-010-3350-023	3,918	7/1/14-6/30/15	-	-	3,693	(3,918)	-	(225)	-	-	3,918
National School Lunch Program (State Share)	14-100-010-3350-023	4,143	7/1/13-6/30/14	(243)	-	243	-	-	-	-	-	-
Total Enterprise Fund				(243)	-	3,936	(3,918)	-	(225)	-	-	3,918
Debt Service Fund:												
Debt Service Aid, Type II												
Debt Service Aid, Type II	15-495-034-5120-075	111,224	7/1/14-6/30/15	-	-	111,224	(111,224)	-	-	-	-	111,224
Total Debt Service Fund				-	-	111,224	(111,224)	-	-	-	-	111,224
Total State Financial Assistance				(293,158)	\$ -	9,308,061	(9,398,331)	\$ (8,946)	(403,180)	10,806	\$ (526,808)	9,399,046
Less: Awards Not Subject to New Jersey OMB Circular 04-04:												
On-Behalf Teacher Pension and Annuity Fund												1,323,227
On-Behalf Teacher Post-Retirement Medical												777,585
On-Behalf NCGI												55,944
Total State Financial Assistance Subject to New Jersey OMB Circular 04-04												\$ (7,241,575)

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

Note 1: General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Upper Freehold Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented 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. The basis of accounting is described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(7,396) for the general fund and \$3,608 for the special revenue fund. See Exhibit C-3, notes to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued):
FOR THE YEAR ENDED JUNE 30, 2015**

Note 3: Relationship to Basic Financial Statements (continued):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 9,241,168	\$ 9,241,168
Special Revenue Fund	513,855	31,464	545,319
Debt Service Fund	-	111,224	111,224
Food Service Fund	<u>139,627</u>	<u>3,918</u>	<u>143,545</u>
Total Financial Assistance	<u>\$ 653,482</u>	<u>\$ 9,387,774</u>	<u>\$10,041,256</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

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

Note 6: Federal and State Loans Outstanding

The Upper Freehold Regional School District had no loan balances outstanding at June 30, 2015.

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Control deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	None Reported

Federal Awards

Internal control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Control deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With Section .510(a) of Circular A-133	None Reported

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	I.D.E.A. Part B, Basic Regular
84.173	I.D.E.A. Preschool

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Control deficiencies identified that are not considered to be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04 and/or 15-08?	None Reported

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>State Aid Cluster:</u>	
15-495-034-5120-089	Categorical Special Education Aid
15-495-034-5120-078	Equalization Aid
15-495-034-5120-084	Categorical Security Aid
15-495-034-5120-068	School Choice Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness Aid
15-100-034-5095-002	Reimbursed TPAF Social Security

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB’s Circular Letter 04-04 and/or 15-08.

No Current Year Findings

**UPPER FREEHOLD REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal awards and state financial assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings