

**UPPER SADDLE RIVER BOARD OF EDUCATION**

**UPPER SADDLE RIVER, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Upper Saddle River Board of Education**

**Upper Saddle River, New Jersey**

**For The Fiscal Year Ended June 30, 2011**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# Upper Saddle River Schools

## Administrative Offices

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Upper Saddle River, New Jersey 07458  
201-961-6500 (voice) ~ 201-934-4923 (fax)



Dr. Monica M. Browne  
Superintendent of Schools

Dana Imbasciani  
Board Secretary/Business Administrator

October 3, 2011

Honorable President and  
Members of the Board of Education  
Upper Saddle River Board of Education  
Upper Saddle River, NJ 07458

Dear Board Members:

The comprehensive annual financial report of the Upper Saddle River Board of Education (the "Board" or "District") for the fiscal year ended June 30, 2011, 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 Upper Saddle River Board of Education. 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis and basic financial statements including the district-wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:**

The Upper Saddle River Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 34. All funds of the District are included in this report. The Upper Saddle River Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade Levels K through 8. The District completed the 2010/2011 fiscal year with an enrollment of 1,374, which is 17 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/2011	1,374	- 1.2%
2009/2010	1,391	0.7%
2008/2009	1,381	-0.5%
2007/2008	1,388	2.9%
2006/2007	1,348	-1.7%
2005/2006	1,371	-2.7%
2004/2005	1,409	2.2%
2003/2004	1,379	1.1%
2002/2003	1,364	2.8%
2001/2002	1,327	5.4%

**2. ECONOMIC CONDITION AND OUTLOOK:**

Development and expansion in the Upper Saddle River area has slowed down this year. However, the Upper Saddle River area is expected to continue to prosper.

**3. MAJOR INITIATIVES:**

The district continues its commitment to the following new programs/goals:

- The implementation of formative assessments in grades k-8 allowed for more individualized instruction based on student needs. Administrators and teachers had access to the progress of all students toward achievement of the standards on at least three occasions. The data collected was used to determine how best to provide supplemental academic support to students, revise the programs of study to meet demonstrated needs of the group, and discuss concerns with parents.
- Support for staff development in reading and writing was provided to all teachers of language arts. At the K-5 level this support initiative continued into its fifth year; all classroom teachers received instruction and practice in techniques to support and improve student writing. At the grade 6-8 level the staff development support for reading and writing was provided for the year to all teachers of language arts as units of study were developed and a writing portfolio for each child was established.

- Continued support for the use of technology to enhance curricular, management and instructional aspects of teaching was provided. A new website was developed and we continue to investigate the purchase of computers for student use. Each teacher continues to be provided with his/her own laptop and their own e-mail account. Classrooms and laboratories are equipped with new hardware. SmartBoards have been installed in all classrooms and training provided to support same. Parents of middle school students can access grades for their children in every class at any time using a password protected system.
- Continued support for staff development conducted through the district's participation in the Quad District curriculum and staff development program is included. Teachers of language arts, mathematics, music, health and physical education, and technology participated in staff development and curriculum design with teachers from the other 3 regional districts. Teachers mapped the music, health and physical education curricula, as well as aligned our current elementary mathematics program with the Common Core Standards ahead of the state timeline for implementation.
- The district maintained its commitment to elementary class size by maintaining an average of 22 or fewer students in all classes grades K-5.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure 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 structure 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 financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

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

#### **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 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as either restriction or assigned fund balance at June 30, 2011.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA) or New Jersey Cash Management Fund. 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, which the funds are secured in accordance with the Act or the New Jersey Cash Management Fund.

**8. RISK MANAGEMENT:**

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

**9. OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board. 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 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Upper Saddle River Board of Education for the 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 financial and accounting staff.

Respectfully submitted,



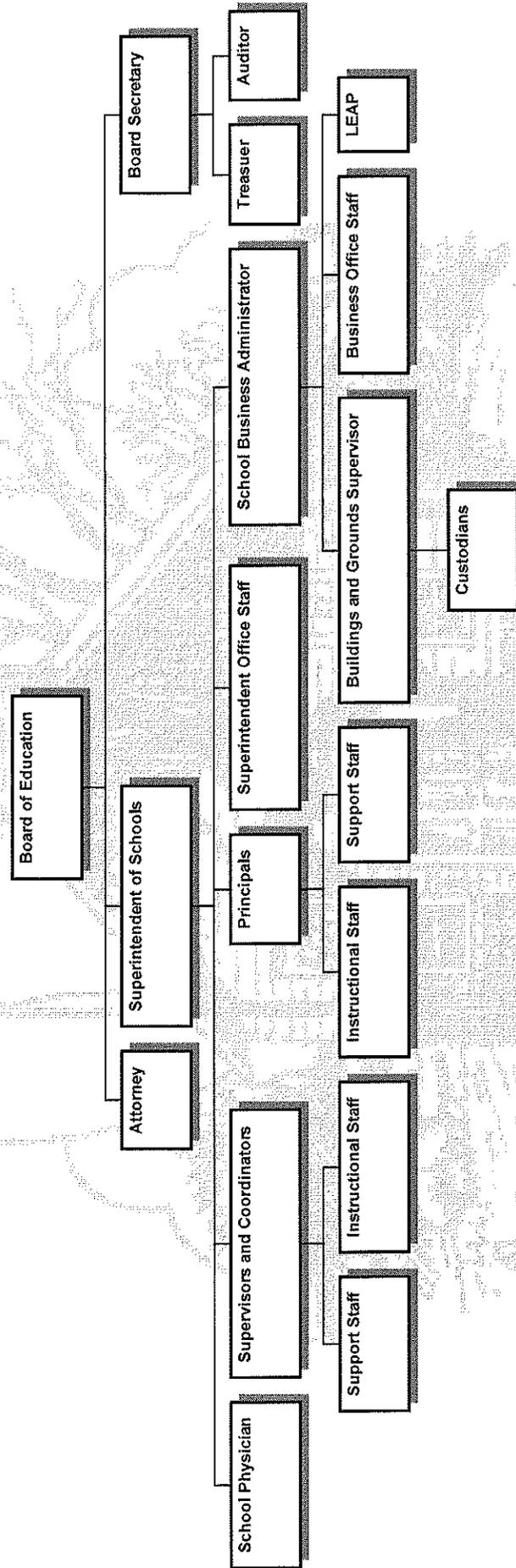
Dr. Monica M. Browne  
Superintendent of Schools



Dana Imbasciani  
Board Secretary/Business Administrator

# Upper Saddle River Schools Organizational Chart

October 3, 2011



UPPER SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Angela Sacco Torres, President	2012
Dante Ferrarie, Vice President	2013
Kenneth Amano	2014
Jennifer Johnston	2014
Peter Koski	2012
Katy Smiechowski	2012
Jill Stoller	2013

Other Officials

Dr. Monica Browne, Superintendent

Dana Imbasciani, Business Administrator/Board Secretary

Jennifer Pfohl, Treasurer

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Auditor**

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

**Attorney**

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

**Official Depository**

TD Bank  
111 Chestnut Ridge Road  
Montvale, NJ 07645

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

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ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Trustees  
Upper Saddle River Board of Education  
Upper Saddle River, New Jersey

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 Saddle River Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2011 on our consideration of the Upper Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Saddle River Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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



Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
October 3, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Upper Saddle River Board of Education

## Management's Discussion and Analysis

This section of the Upper Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows 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.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year are as follows:

- The assets of the Upper Saddle River Board of Education exceeded its liabilities at the close of the fiscal year by \$7,312,184 (net assets). Of this amount, \$1,279,122 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- The District's total net assets increased \$1,169,808.
- Overall district revenues were \$23,079,748. General revenues accounted for \$20,957,577 or 91% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,122,171 or 9% of total revenues.
- The school district had \$21,848,463 in expenses for governmental activities; only \$2,055,461 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$20,959,812 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,788,414. Of this amount, \$398,410 is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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 Saddle River Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Upper Saddle River Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the Upper Saddle River Board of Education's operation in more detail than the district-wide statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- 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 funds statements offer short- and long-term financial information about the activities the District operates like businesses.

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 Saddle River Board of Education's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses: Food Service and LEAP Program
Required financial Statements	Statements of net assets Statement of activities	balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

### District-Wide Statements

The district-wide statements report information about the Upper Saddle River Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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.

## **District-Wide Statements (Continued)**

The two district-wide statements report the District's net assets and how they have changed. Net assets – 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 assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school building and other facilities.

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

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

## **Fund Financial Statements**

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

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

The district has three kinds of funds:

- *Governmental funds-* 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 district-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 district-wide statements.

## Fund Financial Statements (Continued)

- *Fiduciary funds*- The District is the trustee, or fiduciary, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE UPPER SADDLE RIVER BOARD OF EDUCATION AS A WHOLE

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

Below is a summary of the school district's net assets as of June 30, 2011 along with comparative data for June 30, 2010.

### Statement of Net Assets As of June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 2,928,439	\$ 2,353,728	\$ 44,490	\$ 42,519	\$ 2,972,929	\$ 2,396,247
Capital Assets	15,322,307	15,585,032	4,443	2,694	15,326,750	15,587,726
<b>Total Assets</b>	<b>18,250,746</b>	<b>17,938,760</b>	<b>48,933</b>	<b>45,213</b>	<b>18,299,679</b>	<b>17,983,973</b>
Long-Term Liabilities	10,925,354	11,771,746			10,925,354	11,771,746
Other Liabilities	60,654	69,086	1,487	765	62,141	69,851
<b>Total Liabilities</b>	<b>10,986,008</b>	<b>11,840,832</b>	<b>1,487</b>	<b>765</b>	<b>10,987,495</b>	<b>11,841,597</b>
Net Assets:						
Invested in capital assets, net of related debt	5,134,321	4,749,158	4,443	2,694	5,138,764	4,751,852
Restricted	894,298	248,520			894,298	248,520
Unrestricted	1,236,119	1,100,250	43,003	41,754	1,279,122	1,142,004
<b>Total Net Assets</b>	<b>\$ 7,264,738</b>	<b>\$ 6,097,928</b>	<b>\$ 47,446</b>	<b>\$ 44,448</b>	<b>\$ 7,312,184</b>	<b>\$ 6,142,376</b>

Below is a schedule of changes in net assets for fiscal year ended June 30, 2011, along with comparative data for the prior fiscal year.

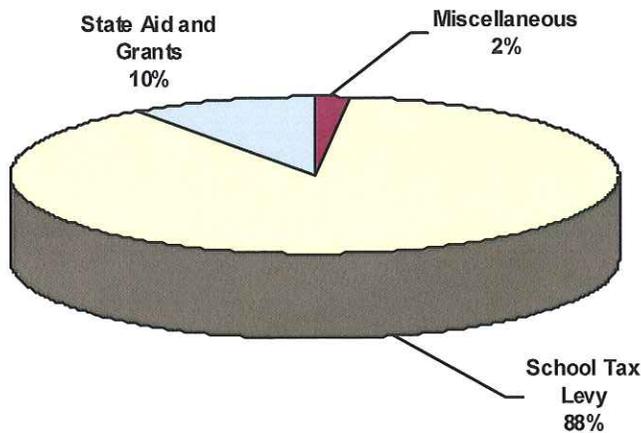
**Changes in Net Assets**  
**For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 144,386	\$ 73,153	\$ 66,710	\$ 73,672	\$ 211,096	\$ 146,825
Operating Grants and Contributions	1,911,075	2,884,663			1,911,075	2,884,663
General Revenues						
Property Taxes	20,330,820	19,748,993			20,330,820	19,748,993
State Aid - Formula Grants	415,494	290,479			415,494	290,479
Investment Earnings	23,168	24,375	459	373	23,627	24,748
Other	190,330	57,482	(2,694)	-	187,636	57,482
<b>Total Revenues</b>	<u>23,015,273</u>	<u>23,079,145</u>	<u>64,475</u>	<u>74,045</u>	<u>23,079,748</u>	<u>23,153,190</u>
<b>Expenses</b>						
Instruction						
Regular	9,271,906	9,399,908			9,271,906	9,399,908
Special Education	3,409,545	3,628,533			3,409,545	3,628,533
Other Instruction	131,803	247,671			131,803	247,671
School Sponsored Activities and Ath.	124,692	112,202			124,692	112,202
Support Services						
Student and Instruction Related Serv.	2,972,735	3,016,212			2,972,735	3,016,212
General Administrative Services	555,877	562,959			555,877	562,959
School Administrative Services	1,127,290	1,071,839			1,127,290	1,071,839
Plant Operations and Maintenance	2,800,157	2,660,729			2,800,157	2,660,729
Pupil Transportation	462,360	545,657			462,360	545,657
Business Services	490,719	481,288			490,719	481,288
Food Services			17,269	8,677	17,269	8,677
LEAP Program			44,208	48,840	44,208	48,840
Interest on Long-Term Debt	501,379	549,943	-	-	501,379	549,943
<b>Total Expenses</b>	<u>21,848,463</u>	<u>22,276,941</u>	<u>61,477</u>	<u>57,517</u>	<u>21,909,940</u>	<u>22,334,458</u>
Net Change in Net Assets	1,166,810	802,204	2,998	16,528	1,169,808	818,732
Net Assets, Beginning of Year	6,097,928	5,295,724	44,448	8,449	6,142,376	5,304,173
Prior Period Adjustment	-	-	-	19,471	-	19,471
Net Assets, End of Year	<u>\$ 7,264,738</u>	<u>\$ 6,097,928</u>	<u>\$ 47,446</u>	<u>\$ 44,448</u>	<u>\$ 7,312,184</u>	<u>\$ 6,142,376</u>

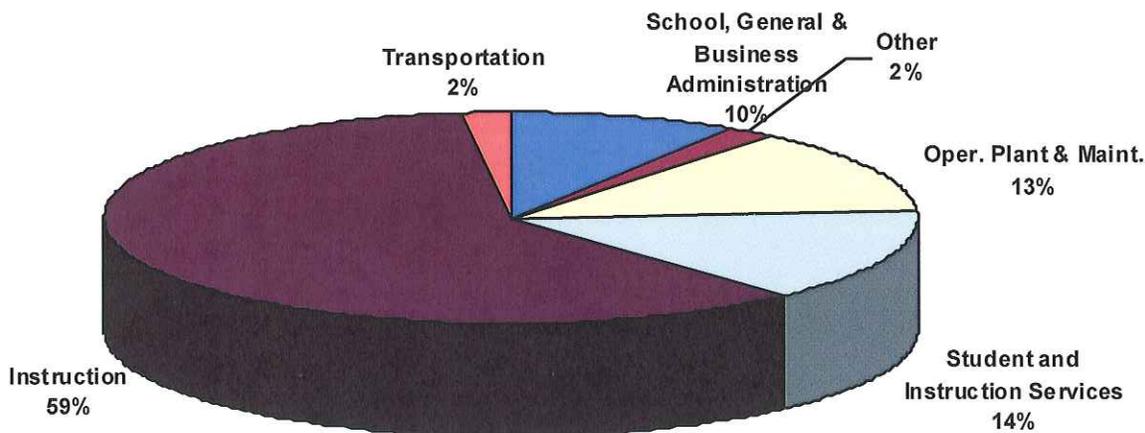
**Governmental Activities.** The District's total revenues were \$23,015,273. The local share of the revenues, that included property taxes, tuition, interest, and miscellaneous revenue, amounted to \$20,688,704 or 90% of total revenues. Funding from state and federal sources amounted to \$2,326,569 or 10%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$12,937,946 (59%) and student and other support services totaled \$8,409,138 (38%) of total expenditures.

Revenues by Sources – Governmental Activities



Expenditures by Function



**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 9,271,906	\$ 9,399,908	\$ 8,276,950	\$ 8,441,479
Special Education	3,409,545	3,628,533	2,706,135	2,159,142
Other Instruction	131,803	247,671	128,233	243,917
School Sponsored Activities and Athletics	124,692	112,202	115,026	103,710
Support Services				
Student and Instruction Related Svcs.	2,972,735	3,016,212	2,761,344	2,798,490
General Administrative Services	555,877	562,959	532,977	539,751
School Administrative Services	1,127,290	1,071,839	1,056,245	1,000,182
Plant Operations and Maintenance	2,800,157	2,660,729	2,796,365	2,594,818
Pupil Transportation	462,360	545,657	446,633	424,835
Business Services	490,719	481,288	471,715	462,858
Interest on Long-Term Debt	501,379	549,943	501,379	549,943
	<u>501,379</u>	<u>549,943</u>	<u>501,379</u>	<u>549,943</u>
Total Governmental Activities	<u>\$ 21,848,463</u>	<u>\$ 22,276,941</u>	<u>\$ 19,793,002</u>	<u>\$ 19,319,125</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$61,477. These costs were funded by program fees, charges for services, and investment earnings.

**General Fund**

The following schedule presents a summary of General Fund (GAAP Basis) revenues.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 19,378,221	\$ 18,670,605	\$ 707,616	3.79%
Tuition	144,386	73,153	71,233	97.38%
Interest Earnings	23,168	24,375	(1,207)	-4.95%
Miscellaneous	190,330	57,482	132,848	231.11%
Intergovernmental				
State Sources	<u>1,596,456</u>	<u>2,362,992</u>	<u>(766,536)</u>	<u>-32.44%</u>
	<u>1,596,456</u>	<u>2,362,992</u>	<u>(766,536)</u>	<u>-32.44%</u>
Total Revenues	<u>\$ 21,332,561</u>	<u>\$ 21,188,607</u>	<u>\$ 143,954</u>	<u>0.68%</u>

The following schedule presents a summary of General Fund (Budgetary Basis) expenditures.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 12,508,428	\$ 8,863,161	\$ 3,645,267	41.13%
Undistributed Expenditures	7,949,812	11,912,775	(3,962,963)	-33.27%
Capital Outlay	<u>283,312</u>	<u>123,291</u>	<u>160,021</u>	129.79%
 Total Expenditures	 <u>\$ 20,741,552</u>	 <u>\$ 20,899,227</u>	 <u>\$ (157,675)</u>	 <u>-0.75%</u>

**Capital Assets.** At the end of the fiscal year 2011, the school district had invested in land, buildings, furniture, machinery and equipment as stated below:

	<u>Governmental</u> <u>Activities</u>	
	<u>2011</u>	<u>2010</u>
Land	\$ 100,820	\$ 100,820
Construction in Progress	-	-
Buildings	20,971,918	20,936,845
Improvements Other Than Buildings	1,377,425	1,277,225
Machinery and Equipment	<u>2,081,039</u>	<u>1,931,058</u>
 Total	 24,531,202	 24,245,948
 Less: Accumulated Depreciation	 <u>(9,208,895)</u>	 <u>(8,660,916)</u>
 Total	 <u>\$ 15,322,307</u>	 <u>\$ 15,585,032</u>

**Debt Administration.** As of June 30, 2011 the school district had long-term debt and outstanding long-term liabilities as follows:

	<u>Long-Term Debt</u> <u>Outstanding Long-Term Liabilities</u>	
	<u>2011</u>	<u>2010</u>
Serial Bonds Payable	\$ 10,286,319	\$ 11,138,906
Obligation Under Capital Leases	148,937	205,239
Intergovernmental Loans Payable	149,372	195,865
Compensated Absences Payable	<u>608,707</u>	<u>529,493</u>
 Total	 <u>\$ 11,193,335</u>	 <u>\$ 12,069,503</u>

## **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- Salary accounts were adjusted to reflect changes in staff assignments, retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Unanticipated costs for related services for special education students.
- TPAF, which is the state's contribution to the pension funds and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

## **CONTACTING THE 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 Dana Imbasciani, School Business Administrator/Board Secretary, Upper Saddle River Board of Education, 395 West Saddle River Road, Upper Saddle River, New Jersey 07458.

**BASIC FINANCIAL STATEMENTS**

**UPPER SADDLE RIVER BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,678,305	\$ 44,490	\$ 2,722,795
Receivables, net	121,097		121,097
Due from Other Funds	376		376
Deferred Charge	128,661		128,661
Capital Assets Not Being Depreciated			
Land	100,820		100,820
Capital Assets Net of Accumulated Depreciation			
Buildings	13,502,101		13,502,101
Improvements Other Than Buildings	981,926		981,926
Machinery and Equipment	737,460	4,443	741,903
	<u>18,250,746</u>	<u>48,933</u>	<u>18,299,679</u>
Total Assets			
<b>LIABILITIES</b>			
Payable to State Government	1,919		1,919
Accrued Interest Payable	49,290		49,290
Accounts Payable		1,487	1,487
Deferred Revenue	9,445		9,445
Noncurrent Liabilities			
Due within one year	1,002,633		1,002,633
Due beyond one year	9,922,721	-	9,922,721
	<u>10,986,008</u>	<u>1,487</u>	<u>10,987,495</u>
Total Liabilities			
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,134,321	4,443	5,138,764
Restricted for:			
Capital Projects	648,739		648,739
Debt Service	245,559		245,559
Unrestricted	1,236,119	43,003	1,279,122
	<u>\$ 7,264,738</u>	<u>\$ 47,446</u>	<u>\$ 7,312,184</u>
Total Net Assets			

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

UPPER SADDLE RIVER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,271,906	\$ 141,746	\$ 853,210		\$ (8,276,950)		\$ (8,276,950)
Special Education	3,409,545	2,640	700,770		(2,706,135)		(2,706,135)
Other Instruction	131,803		3,570		(128,233)		(128,233)
School Sponsored Activities and Athletics	124,692		9,666		(115,026)		(115,026)
Support Services:							
Student and Instruction Related Services	2,972,735		211,391		(2,761,344)		(2,761,344)
School Administrative Services	1,127,290		71,045		(1,056,245)		(1,056,245)
General Administrative Services	555,877		22,900		(532,977)		(532,977)
Plant Operations and Maintenance	2,800,157		3,792		(2,796,365)		(2,796,365)
Pupil Transportation	462,360		15,727		(446,633)		(446,633)
Business and Other Support Services	490,719		19,004		(471,715)		(471,715)
Interest on Long-Term Debt	501,379		-		(501,379)		(501,379)
Total Governmental Activities	21,848,463	144,386	1,911,075	-	(19,793,002)	-	(19,793,002)
Business-Type Activities:							
Food Service	17,269	12,973			-	\$ (4,296)	(4,296)
LEAP Program	44,208	53,737			-	9,529	9,529
Total Business-Type Activities	61,477	66,710			-	5,233	5,233
Total Primary Government	\$ 21,909,940	\$ 211,096	\$ 1,911,075	\$ -	(19,793,002)	5,233	(19,787,769)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					19,378,221		19,378,221
Property Taxes Levied for Debt Service					952,599		952,599
State Aid Restricted for Debt Service					415,494		415,494
Investment Earnings					23,168	459	23,627
Miscellaneous Income					190,330		190,330
Loss on Disposal of Asset					-	(2,694)	(2,694)
Total General Revenues					20,959,812	(2,235)	20,957,577
Change in Net Assets					1,166,810	2,998	1,169,808
Net Assets, Beginning of Year, as Adjusted					6,097,928	44,448	6,142,376
Net Assets, End of Year					\$ 7,264,738	\$ 47,446	\$ 7,312,184

**FUND FINANCIAL STATEMENTS**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,431,960			\$ 246,345	\$ 2,678,305
Receivables, Net	41,911	\$ 79,182		4	121,097
Due from Other Funds	68,984	-	-	-	68,984
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Assets	<u>\$ 2,542,855</u>	<u>\$ 79,182</u>	<u>\$ -</u>	<u>\$ 246,349</u>	<u>\$ 2,868,386</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds		67,818		\$ 790	\$ 68,608
Payable to State Government		1,919			1,919
Deferred Revenue	-	9,445	-	-	9,445
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Liabilities	<u>-</u>	<u>79,182</u>	<u>-</u>	<u>790</u>	<u>79,972</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Reserved Excess Surplus - Designated for Subsequent Year's Budget	\$ 491,465				491,465
Reserve for Excess Surplus	640,027				640,027
Capital Reserve	648,739				648,739
Debt Service				245,559	245,559
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Committed Fund Balance					
Year-End Encumbrances	83,317				83,317
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Assigned Fund Balance					
Designated for Subsequent Year's Budget	260,743				260,743
Year End Encumbrances	20,154				20,154
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Unassigned Fund Balance					
General Fund	398,410	-	-	-	398,410
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Fund Balances	<u>2,542,855</u>	<u>-</u>	<u>-</u>	<u>245,559</u>	<u>2,788,414</u>
Total Liabilities and Fund Balances	<u>\$ 2,542,855</u>	<u>\$ 79,182</u>	<u>\$ -</u>	<u>\$ 246,349</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$24,531,202 and the accumulated depreciation is \$9,208,895.

15,322,307

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

(49,290)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).

(10,796,693)

Net assets of governmental activities

\$ 7,264,738

**UPPER SADDLE RIVER BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 19,378,221			\$ 952,599	\$ 20,330,820
Interest	23,168				23,168
Tuition	144,386				144,386
Miscellaneous	190,330	-	-	-	190,330
Total Local Sources	<u>19,736,105</u>	<u>-</u>	<u>-</u>	<u>952,599</u>	<u>20,688,704</u>
State Sources	1,596,456	\$ 337		415,494	2,012,287
Federal Sources	-	314,282	-	-	314,282
Total Revenues	<u>21,332,561</u>	<u>314,619</u>	<u>-</u>	<u>1,368,093</u>	<u>23,015,273</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	9,128,386	50,808			9,179,194
Special Education Instruction	3,123,547	263,474			3,387,021
Other Instruction	131,803				131,803
School Sponsored Activities and Athletics	124,692				124,692
Support Services and Undistributed Costs:					
Student and Instruction Related Services	2,971,397	337			2,971,734
School Administrative Services	1,083,194				1,083,194
General Administrative Services	555,877				555,877
Plant Operations and Maintenance	2,334,303				2,334,303
Pupil Transportation	462,360				462,360
Business and Other Support Services	489,713				489,713
Debt Service:					
Principal	43,956			899,080	943,036
Interest and Other Charges	9,012			469,003	478,015
Capital Outlay	283,312	-	\$ 26,608	-	309,920
Total Expenditures	<u>20,741,552</u>	<u>314,619</u>	<u>26,608</u>	<u>1,368,083</u>	<u>22,450,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>591,009</u>	<u>-</u>	<u>(26,608)</u>	<u>10</u>	<u>564,411</u>
<b>OTHER FINANCING SOURCES</b>					
Capital Lease (Non-Budgeted)	12,320				12,320
Transfer In				239,646	239,646
Transfer Out	-	-	(239,646)	-	(239,646)
Total Other Financing Sources and Uses	<u>12,320</u>	<u>-</u>	<u>(239,646)</u>	<u>239,646</u>	<u>12,320</u>
Net Change in Fund Balances	603,329	-	(266,254)	239,656	576,731
Fund Balance, Beginning of Year	<u>1,939,526</u>	<u>-</u>	<u>266,254</u>	<u>5,903</u>	<u>2,211,683</u>
Fund Balance, End of Year	<u>\$ 2,542,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,559</u>	<u>\$ 2,788,414</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Total net change in fund balances - governmental funds (Exhibit B-2)</b>	<b>\$ 576,731</b>
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation Expense	\$ (547,979)
Capital Outlay Purchases	<u>309,920</u>
	(238,059)
<p>Some of the district assets acquired this year were financed with capital leases. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the lease proceeds are not revenues in the statement of activities but rather constitute long-term liabilities in the statement of net assets.</p>	
Capital Leases	(12,320)
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these activities:</p>	
Principal Repayments	
Capital Leases	43,956
Loans	46,493
General Obligation Bonds	852,587
Amortization of Premium	\$ 9,666
Amortization of Deferred Charge on Issuance Costs	(11,513)
Amortization of Deferred Charge on Refunding	<u>(39,442)</u>
	(41,289)
	901,747
<p>In the statement of activities, 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.</p>	
	17,925
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>	
	<u>(79,214)</u>
<b>Change in net assets of governmental activities (Exhibit A-2)</b>	<b><u>\$ 1,166,810</u></b>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

	<b><u>Other Nonmajor Enterprise Funds</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 44,490
Capital Assets	
Furniture, Machinery, and Equipment	4,650
Less: Accumulated Depreciation	<u>(207)</u>
Total Capital Assets	<u>4,443</u>
Total Assets	<u>48,933</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>1,487</u>
Total Current Liabilities	<u>1,487</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	4,443
Unrestricted	<u>43,003</u>
Total Net Assets	<u>\$ 47,446</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b><u>Other Nonmajor Enterprise Funds</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales-Reimbursable Programs	\$ 12,973
Program Fees	<u>53,737</u>
Total Operating Revenues	<u>66,710</u>
<b>OPERATING EXPENSES</b>	
Salaries	35,152
Cost of Sales	8,210
Other Purchase Services	14,977
Supplies and Materials	2,931
Depreciation Expense	<u>207</u>
Total Operating Expenses	<u>61,477</u>
Operating Income	<u>5,233</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Revenue	459
Loss on Sale of Assets	<u>(2,694)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,235)</u>
Change in Net Assets	2,998
Net Assets, Beginning of Year	<u>44,448</u>
Net Assets, End of Year	<u>\$ 47,446</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Other Nonmajor Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 66,710
Cash Payments to Employees	(35,152)
Cash Payments to Suppliers for Goods and Services	<u>(25,396)</u>
Net Cash Provided by Operating Activities	<u>6,162</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>459</u>
Net Cash Provided by Investing Activities	<u>459</u>
<b>Cash Flows from Capital Financing Activities</b>	
Purchase of Capital Assets	<u>(4,650)</u>
Net Cash Provided by (Used for) Capital Financing Activities	<u>(4,650)</u>
Net Increase in Cash and Cash Equivalents	1,971
Cash and Cash Equivalents, Beginning of Year	<u>42,519</u>
Cash and Cash Equivalents, End of Year	<u>\$ 44,490</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$ 5,233</u>
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	207
Increase/(Decrease) in Accounts Payable	<u>722</u>
Total Adjustments	<u>929</u>
Net Cash Provided by Operating Activities	<u>\$ 6,162</u>

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 26,568	\$ 32,746	\$ 590,577
Due From Other Funds	<u>-</u>	<u>-</u>	<u>70</u>
 Total Assets	 <u>26,568</u>	 <u>32,746</u>	 <u>\$ 590,647</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 50,674
Accrued Salaries and Wages			455,847
Other Liabilities			6,493
Due to Student Groups			77,187
Due to Other Funds			446
Due to State of New Jersey	<u>5,374</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>5,374</u>	 <u>-</u>	 <u>\$ 590,647</u>
<b>NET ASSETS</b>			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 21,194</u>	<u>\$ 32,746</u>	

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b>Private Purpose <u>Trust Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Board Contribution	\$ 41,565	
Other	24,638	
Investment earnings		
Interest	112	\$ 137
	<u>66,315</u>	<u>137</u>
Total Additions		
<b>DEDUCTIONS</b>		
Other Expenses	<u>56,504</u>	<u>-</u>
	<u>56,504</u>	<u>-</u>
Total Deductions		
Change in Net Assets	9,811	137
Net Assets, Beginning of Year	<u>11,383</u>	<u>32,609</u>
Net Assets, End of Year	<u>\$ 21,194</u>	<u>\$ 32,746</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Upper Saddle River Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Upper Saddle River Board of Education this includes general operations, food service, LEAP Program and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**B. Basic Financial Statements (Continued)**

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

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

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

The *Learning Enrichment Activities Program (LEAP) fund* accounts for the activities of the District's Learning Enrichment Program which provides students with various activities during the fall and spring programs.

Additionally, the government reports the following fund types:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

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 LEAP Program and food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables* (Continued)**

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

**3. *Capital Assets***

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

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

Property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Machinery and Equipment	5-10
Computer Equipment	5

**4. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements. Proprietary funds do not permit the accrual of unused vacation, personal and sick leave days.

UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

5. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

6. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*Reserved Excess Surplus – Designated for Subsequent Year's Budget* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3b.)

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**6. Fund Equity (Continued)**

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee’s for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

*Designated for Subsequent Year’s Budget* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,796,693 difference are as follows:

Bonds Payable	\$ 10,286,319
Add:	
Issuance Premium (to be amortized as interest expense)	86,996
Loans Payable	149,372
Capital Leases Payable	148,937
Compensated Absences	608,707
Less:	
Deferred Charge on Refunding (to be amortized as interest expense)	(354,977)
Deferred Charge for Issuance Costs (to be amortized over life of debt)	<u>(128,661)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 10,796,693</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$183,968. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District during the 2000-01 school year. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010		\$ 248,520
Increases		
Interest Earnings	\$ 219	
Transfer Authorized by Board Resolution	<u>400,000</u>	
		<u>400,219</u>
Balance, June 30, 2011		<u>\$ 648,739</u>

The June 30, 2011 LRFPP balance of local support costs of uncompleted capital projects is \$6,252,205. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$1,131,492. Of this amount, \$491,465 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$640,027 will be appropriated in the 2012/2013 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$3,372,686 and bank balances of the Board's cash and deposits amounted to \$4,310,194. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured \$ 4,310,194

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.

**Investments**

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

As of June 30, 2011, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**B. Receivables**

Receivables as of June 30, 2011 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 41,911	\$ 79,182	\$ 4	\$ 121,097
Gross Receivables	41,911	79,182	4	121,097
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 41,911</u>	<u>\$ 79,182</u>	<u>\$ 4</u>	<u>\$ 121,097</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Grant Drawdowns Reserved for Encumbrances	<u>\$9,445</u>

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 100,820	-	-	\$ 100,820
Total Capital Assets, Not Being Depreciated	<u>100,820</u>	<u>-</u>	<u>-</u>	<u>100,820</u>
Capital Assets, Being Depreciated:				
Buildings	20,936,845	\$ 35,073		20,971,918
Improvements Other Than Buildings	1,277,225	100,200		1,377,425
Machinery and Equipment	1,931,058	174,647	\$ (24,666)	2,081,039
Total Capital Assets Being Depreciated	<u>24,145,128</u>	<u>309,920</u>	<u>(24,666)</u>	<u>24,430,382</u>
Less Accumulated Depreciation for:				
Buildings	(7,163,939)	(305,878)		(7,469,817)
Improvements Other Than Buildings	(214,611)	(180,888)		(395,499)
Machinery and Equipment	(1,282,366)	(61,213)	-	(1,343,579)
Total Accumulated Depreciation	<u>(8,660,916)</u>	<u>(547,979)</u>	<u>-</u>	<u>(9,208,895)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,484,212</u>	<u>(238,059)</u>	<u>(24,666)</u>	<u>15,221,487</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,585,032</u>	<u>\$ (238,059)</u>	<u>\$ (24,666)</u>	<u>\$ 15,322,307</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 4,755	\$ 4,650	\$ (4,755)	\$ 4,650
Total Capital Assets, Being Depreciated	<u>4,755</u>	<u>4,650</u>	<u>(4,755)</u>	<u>4,650</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(2,061)</u>	<u>(207)</u>	<u>2,061</u>	<u>(207)</u>
Total Accumulated Depreciation	<u>(2,061)</u>	<u>(207)</u>	<u>2,061</u>	<u>(207)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,694</u>	<u>4,443</u>	<u>(2,694)</u>	<u>4,443</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,694</u>	<u>\$ 4,443</u>	<u>\$ (2,694)</u>	<u>\$ 4,443</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 28,269
Support Services	
Support Services-Students	7,176
School Administration	44,096
Operations and Maintenance of Plant	<u>468,438</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 547,979</u>

**Business-Type Activities**

Food Service Fund	<u>\$ 207</u>
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**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 67,818
General Fund	Debt Service	790
General Fund	Agency Fund	376
Student Activity Fund	Agency Fund	<u>70</u>
Total		<u>\$ 69,054</u>

UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

Due to/from other funds (Continued)

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

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 239,646	\$ 239,646
Total transfers out	<u>\$ 239,646</u>	<u>\$ 239,646</u>

The above transfers are the result of the Board cancelling the unexpended capital project balances to the Debt Service Fund.

E. Leases

Capital Leases

The District is leasing various equipment totaling \$232,805 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 52,868
2013	52,968
2014	42,412
2015	<u>13,625</u>
Total minimum lease payments	161,873
Less: amount representing interest	<u>(12,936)</u>
Present value of minimum lease payments	<u>\$ 148,937</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$2,322,000, 2001 Bonds, due in annual installments of \$125,000 to \$180,000 through July 15, 2019, interest at 4.75%	\$ 1,402,000
\$6,480,000, 2004 Bonds, due in annual installments of \$565,000 to \$690,000 through December 15, 2019, interest at 3.75% to 4.60%	5,675,000
\$2,847,655, 2009 Bonds, due in semi-annual installments ranging between \$70,157 to \$135,900 through July 15, 2024, interest at 5.36%	2,588,980
\$715,775, 2009 Bonds, due in annual installments Of \$47,718 to \$47,719 through December 15, 2023, Interest 1.21%	<u>620,339</u>
	<u>\$10,286,319</u>

**Intergovernmental Loan Payable**

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loans payable at June 30, 2011 are comprised of the following:

\$187,500, 1993 Loan due in Semi-annual installments of \$9,869 through July 2013 interest at 1.5%	\$29,608
\$562,500, 1993 Loan due in semi-annual installments Of \$38,198 to \$41,674 through July 2013, Interest at 5.288%	<u>119,764</u>
Grand Total	<u>\$149,372</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Year Ending June 30,	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 879,912	\$ 425,997	\$ 48,067	\$ 5,693	\$ 1,359,669
2013	912,636	388,641	49,762	3,480	1,354,519
2014	940,780	348,426	51,543	1,177	1,341,926
2015	979,366	304,849			1,284,215
2016	1,013,417	261,113			1,274,530
2017-2021	4,653,043	658,131			5,311,174
2022-2024	907,165	75,839	-	-	983,004
	<u>\$ 10,286,319</u>	<u>\$ 2,462,996</u>	<u>\$ 149,372</u>	<u>\$ 10,350</u>	<u>\$ 12,909,037</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 91,944,079
Less: Net Debt	<u>10,435,691</u>
Remaining Borrowing Power	<u>\$ 81,508,388</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Serial Bonds Payable	\$ 11,138,906		\$ 852,587	\$ 10,286,319	\$ 879,912
Add:					
Unamortized Premium	96,662		9,666	86,996	
Less:					
Unamortized Amount on Refunding	(394,419)	-	(39,442)	(354,977)	-
	10,841,149	-	822,811	10,018,338	879,912
Capital Leases Payable	205,239	\$ 12,320	68,622	148,937	46,181
Loans Payable	195,865		46,493	149,372	48,067
Compensated Absences	529,493	107,687	28,473	608,707	28,473
Governmental Activity Long-Term Liabilities	<u>\$ 11,771,746</u>	<u>\$ 120,007</u>	<u>\$ 966,399</u>	<u>\$ 10,925,354</u>	<u>\$ 1,002,633</u>

For the governmental activities, compensated absences are liquidated by the general fund.

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 41,565	\$ 24,638	\$ 56,504	\$ 21,194
2010	None	25,885	30,342	11,383
2009	None	28,878	41,797	15,730

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any. A financial review is currently being performed to determine if the Board has any potential liability.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress (Continued)**

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

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require the employees to contribute 5.5% of their base wages for both PERS and TPAF plans.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 218,750	\$ 27,936	None
2010	169,175	32,422	None
2009	138,647	30,520	None

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$27,936, \$32,422 and \$30,520 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$660,486 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) –** The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$593,367, 608,937 and \$582,254, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

UPPER SADDLE RIVER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 19,378,221		\$ 19,378,221	\$ 19,378,221	
Tuition	70,950		70,950	144,386	\$ 73,436
Interest on Investments	33,500		33,500	22,949	(10,551)
Capital Reserve Interest	7,500		7,500	219	(7,281)
Miscellaneous	20,000		20,000	190,330	170,330
State Sources					
Nonpublic School Transportation				9,461	9,461
Extraordinary Aid				272,084	272,084
TPAF Pension - NCGI (Non-budgeted)				27,936	27,936
TPAF Pension - Post Retirement Contr. (Non-budgeted)				593,367	593,367
TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-	660,486	660,486
<b>Total Revenues</b>	<u>19,510,171</u>	<u>-</u>	<u>19,510,171</u>	<u>21,299,439</u>	<u>1,789,268</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	536,700	\$ (3,623)	533,077	526,181	6,896
Grades 1-5	3,196,435	(15,989)	3,180,446	3,028,606	151,840
Grades 6-8	2,422,034	(5,000)	2,417,034	2,401,806	15,228
Regular Programs - Home Instruction					
Other Salaries for Instruction		5,000	5,000	3,063	1,937
Purchased Prof. - Ed. Services	11,450	(7,884)	3,566	910	2,656
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	95,600	-	95,600	90,960	4,640
General Supplies	501,791	311,196	812,987	778,795	34,192
Textbooks	10,088	(80)	10,008	9,526	482
<b>Total Regular Programs</b>	<u>6,774,098</u>	<u>283,620</u>	<u>7,057,718</u>	<u>6,839,847</u>	<u>217,871</u>
Learning and/or Language Disabilities					
Salaries of Teachers	153,000	18,000	171,000	170,816	184
General Supplies	15,400	(462)	14,938	14,816	122
<b>Total Learning and/or Language Disabilities</b>	<u>168,400</u>	<u>17,538</u>	<u>185,938</u>	<u>185,632</u>	<u>306</u>
Resource Room					
Salaries of Teachers	732,300	(12,674)	719,626	691,017	28,609
Other Salaries for Instruction	315,700	(41,791)	273,909	273,476	433
General Supplies	10,200	1,415	11,615	11,482	133
<b>Total Resource Room</b>	<u>1,058,200</u>	<u>(53,050)</u>	<u>1,005,150</u>	<u>975,975</u>	<u>29,175</u>
Preschool Disabled - Part Time					
Salaries of Teachers	100,300		100,300	99,400	900
General Supplies	850	-	850	847	3
<b>Total Preschool Disabled - Part Time</b>	<u>101,150</u>	<u>-</u>	<u>101,150</u>	<u>100,247</u>	<u>903</u>
Home Instruction					
Purchased Professional - Educational Services	275,000	(141,550)	133,450	132,940	510
<b>Total Home Instruction</b>	<u>275,000</u>	<u>(141,550)</u>	<u>133,450</u>	<u>132,940</u>	<u>510</u>
<b>Total Special Education</b>	<u>1,602,750</u>	<u>(177,062)</u>	<u>1,425,688</u>	<u>1,394,794</u>	<u>30,894</u>

UPPER SADDLE RIVER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 84,900	\$ 9,100	\$ 94,000	\$ 94,000	
General Supplies	750	-	750	674	\$ 76
Total Basic Skills/Remedial	85,650	9,100	94,750	94,674	76
Bilingual Education					
Salaries of Teachers	28,500	(2,000)	26,500	26,500	
General Supplies	1,150	-	1,150	642	508
Total Bilingual Education	29,650	(2,000)	27,650	27,142	508
School Sponsored Co-Curricular Activities					
Salaries	39,200	(2,495)	36,705	35,707	998
Supplies and Materials	10,300	-	10,300	8,725	1,575
Total School Sponsored Co-Curricular Activities	49,500	(2,495)	47,005	44,432	2,573
School Sponsored Athletics - Instruction					
Salaries	41,400		41,400	36,049	5,351
Purchased Services	8,000		8,000	8,000	
Supplies and Materials	8,800	388	9,188	9,168	20
Total School Sponsored Athletics	58,200	388	58,588	53,217	5,371
Total - Instruction	8,599,848	111,551	8,711,399	8,454,106	257,293
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Outside of State	325,906	(29,404)	296,502	282,524	13,978
Tuition to CSSD & Reg Day School	301,118	-	301,118	251,615	49,503
Tuition to Priv. Sch. For Handic. Within the State	796,612	(22,698)	773,914	669,857	104,057
Total Undistributed Expenditures - Instruction	1,423,636	(52,102)	1,371,534	1,203,996	167,538
Health Services					
Salaries	196,400	2,942	199,342	199,342	
Purchased Professional and Technical Services	1,800		1,800	1,800	
Supplies and Materials	9,840	55	9,895	9,866	29
Total Health Services	208,040	2,997	211,037	211,008	29
Speech, OT, PT & Related Services					
Salaries	313,900	1,020	314,920	314,920	
Purchased Prof. - Ed. Services	150,000	7,006	157,006	119,828	37,178
Total Speech, OT, PT & Related Services	463,900	8,026	471,926	434,748	37,178
Other Support Services - Students - Extraordinary Svcs					
Salaries	60,000	24,374	84,374	80,800	3,574
Total Other Support Services - Students - Extraordinary Services	60,000	24,374	84,374	80,800	3,574
Guidance					
Salaries of Other Professional Staff	300,700	(4,103)	296,597	269,977	26,620
Salaries of Secretarial and Clerical Assistants	94,200	(39,190)	55,010	53,795	1,215
Supplies and Materials	4,100	663	4,763	4,672	91
Total Guidance	399,000	(42,630)	356,370	328,444	27,926

**UPPER SADDLE RIVER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 485,900	\$ 12,652	\$ 498,552	\$ 498,552	
Other Salaries	42,200	-	42,200	41,480	\$ 720
Purchased Prof. - Ed. Services	84,000	198	84,198	84,198	-
Other Purchased Prof. and Technical Services	28,000	(16,850)	11,150	6,354	4,796
Supplies and Materials	18,510	4,000	22,510	20,813	1,697
Other Objects	2,155	-	2,155	960	1,195
<b>Total Child Study Team</b>	<b>660,765</b>	<b>-</b>	<b>660,765</b>	<b>652,357</b>	<b>8,408</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff	18,000	5,856	23,856	23,856	
Purchased Prof. - Ed. Services	36,000	(13,153)	22,847	15,518	7,329
Other Purchased Professional and Tech Services	35,702	(450)	35,252	16,702	18,550
Other Purchased Services	3,750	(750)	3,000	160	2,840
Supplies and Materials	1,000	12,291	13,291	13,291	-
<b>Total Instructional Staff Training Services</b>	<b>94,452</b>	<b>3,794</b>	<b>98,246</b>	<b>69,527</b>	<b>28,719</b>
Improvement of Instructional Services					
Salaries of Other Professional Staff	66,800	(647)	66,153	59,877	6,276
Purchased Prof. - Ed. Services	65,000	-	65,000	46,112	18,888
General Supplies	4,200	-	4,200	4,200	-
<b>Total Improvement of Instructional Services</b>	<b>136,000</b>	<b>(647)</b>	<b>135,353</b>	<b>110,189</b>	<b>25,164</b>
Educational Media Services/School Library					
Salaries	260,500	58,269	318,769	318,769	-
Supplies and Materials	34,315	2,100	36,415	36,204	211
<b>Total Educational Media Services/School Library</b>	<b>294,815</b>	<b>60,369</b>	<b>355,184</b>	<b>354,973</b>	<b>211</b>
Support Services General Administration					
Salaries	262,900	(3,900)	259,000	258,129	871
Legal Services	50,000	(20,990)	29,010	22,343	6,667
Audit Services	25,000	-	25,000	-	25,000
Other Purchased Professional Service	6,000	28,971	34,971	29,787	5,184
Purchased Technical Services	13,580	26,691	40,271	35,765	4,506
Communications/Telephone	121,599	(19,771)	101,828	59,923	41,905
Conference/Travel	4,500	-	4,500	1,617	2,883
Other Purchased Services	35,500	-	35,500	17,350	18,150
General Supplies	14,600	369	14,969	7,210	7,759
Miscellaneous Expenditures	20,975	350	21,325	18,735	2,590
<b>Total Support Services General Administration</b>	<b>554,654</b>	<b>11,720</b>	<b>566,374</b>	<b>450,859</b>	<b>115,515</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	548,500	(21,104)	527,396	527,396	
Salaries of Secretarial and Clerical Assistants	173,400	35,999	209,399	208,909	490
Lease Agreements	55,000	-	55,000	52,968	2,032
Other Purchased Services	3,250	(1,186)	2,064	1,182	882
Supplies and Materials	42,720	5,106	47,826	44,896	2,930
Other Objects	4,850	224	5,074	4,980	94
<b>Total Support Services School Administration</b>	<b>827,720</b>	<b>19,039</b>	<b>846,759</b>	<b>840,331</b>	<b>6,428</b>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 303,500	\$ 10,017	\$ 313,517	\$ 313,517	
Purchased Technical Services	10,000	45,076	55,076	30,076	\$ 25,000
General Supplies	12,000	(2,249)	9,751	9,266	485
Miscellaneous Expenditures	3,350	211	3,561	3,561	-
Total Central Services	<u>328,850</u>	<u>53,055</u>	<u>381,905</u>	<u>356,420</u>	<u>25,485</u>
Required Maintenance for School Facilities					
Salaries	123,259	(27,161)	96,098	95,100	998
Other Purchased Professional Services		2,690	2,690	2,690	-
Cleaning, Repair, and Maint. Services	155,775	216,322	372,097	367,897	4,200
General Supplies	39,000	4,710	43,710	43,710	-
Total Required Maintenance of School Facilities	<u>318,034</u>	<u>196,561</u>	<u>514,595</u>	<u>509,397</u>	<u>5,198</u>
Custodial Services					
Salaries	814,700	(11,068)	803,632	789,667	13,965
Cleaning, Repair, and Maintenance Services	98,500	(38,338)	60,162	39,595	20,567
Other Purchase Property Services	1,200		1,200	595	605
Insurance	115,000	(7,013)	107,987	107,591	396
General Supplies	102,000	61,614	163,614	163,614	
Energy (Heat)	225,000	(160,344)	64,656	64,656	-
Energy (Electricity)	230,000	6,944	236,944	220,398	16,546
Energy (Fuel for Vehicles)	3,600	(1,039)	2,561	961	1,600
Energy (Water)	14,000	2,738	16,738	16,738	-
Other Objects	12,460	-	12,460	9,973	2,487
Total Custodial Services	<u>1,616,460</u>	<u>(146,506)</u>	<u>1,469,954</u>	<u>1,413,788</u>	<u>56,166</u>
Student Transportation Services					
Aid in Lieu - Non-Public		49,504	49,504	46,920	2,584
Contracted Services (Between Home & School) - Vendors	167,000	(41,768)	125,232	108,851	16,381
Contracted Services (Other Than Between Home & School) - Vendors	30,000	-	30,000	25,579	4,421
Contracted Services (Special Education) - Joint Agreement	420,000	(56,837)	363,163	281,010	82,153
Total Student Transportation Services	<u>617,000</u>	<u>(49,101)</u>	<u>567,899</u>	<u>462,360</u>	<u>105,539</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	240,000	-	240,000	229,895	10,105
Other Retirement Contributions - Regular	160,000	58,750	218,750	218,750	
Unemployment Compensation	100,000	(58,435)	41,565	41,565	-
Workmen's Compensation	125,000	(18,950)	106,050	106,050	
Health Benefits	2,936,341	(278,667)	2,657,674	2,644,893	12,781
Tuition Reimbursement	60,000	(57,120)	2,880	1,995	885
Total Unallocated Benefits-Employee Benefits	<u>3,621,341</u>	<u>(354,422)</u>	<u>3,266,919</u>	<u>3,243,148</u>	<u>23,771</u>
TPAF Pension - NCGI (Non-Budgeted)					
				27,936	(27,936)
TPAF Pension - Post Retirement Contr. (Non-Budgeted)					
				593,367	(593,367)
TPAF Soc. Sec. Contr. (Non-Budgeted)					
				660,486	(660,486)
Total TPAF - On-Behalf	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,789</u>	<u>(1,281,789)</u>
Total Undistributed Expenditures	<u>11,624,667</u>	<u>(265,473)</u>	<u>11,359,194</u>	<u>12,004,134</u>	<u>(644,940)</u>
Total Current Expenditures	<u>20,224,515</u>	<u>(153,922)</u>	<u>20,070,593</u>	<u>20,458,240</u>	<u>(387,647)</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures - Instruction	\$ 22,500	\$ 70,865	\$ 93,365	\$ 93,365	-
Undistributed Expenditures - Support Services	-	42,962	42,962	42,962	-
Total Undistributed Expenditures	<u>22,500</u>	<u>113,827</u>	<u>136,327</u>	<u>136,327</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Construction Services	-	134,665	134,665	134,665	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>134,665</u>	<u>134,665</u>	<u>134,665</u>	<u>-</u>
Assets Acquired under Capital Leases (Non-Budgeted)					
Support Services - Copiers	-	-	-	12,320	\$ (12,320)
Total Assets Acquired Under Capital Leases (Non-Budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,320</u>	<u>(12,320)</u>
Interest Deposit to Capital Reserve	7,500	-	7,500	-	7,500
Total Capital Outlay	<u>30,000</u>	<u>248,492</u>	<u>278,492</u>	<u>283,312</u>	<u>(4,820)</u>
Total General Fund Expenditures	<u>20,254,515</u>	<u>94,570</u>	<u>20,349,085</u>	<u>20,741,552</u>	<u>(392,467)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(744,344)</u>	<u>(94,570)</u>	<u>(838,914)</u>	557,887	1,396,801
Other Financing Sources					
Capital Leases (Non-Budgeted)	-	-	-	12,320	12,320
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,320</u>	<u>12,320</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(744,344)	(94,570)	(838,914)	570,207	1,409,121
Fund Balances, Beginning of Year	<u>2,244,732</u>	<u>-</u>	<u>2,244,732</u>	<u>2,244,732</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,500,388</u>	<u>\$ (94,570)</u>	<u>\$ 1,405,818</u>	<u>\$ 2,814,939</u>	<u>\$ 1,409,121</u>
<b>Recapitulation</b>					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Budget				\$ 491,465	
Reserve for Excess Surplus				640,027	
Capital Reserve				648,739	
Committed Fund Balance					
Year-end Encumbrances				83,317	
Assigned Fund Balance:					
Designated for Subsequent Year's Budget				260,743	
Year-end Encumbrances				20,154	
Unassigned Fund Balance				<u>670,494</u>	
				2,814,939	
Reconciliation to Governmental Fund Statements (GAAP)					
Receivables Not Recognized on a GAAP Basis					
Extraordinary Aid				<u>272,084</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,542,855</u>	

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State		\$ 337	\$ 337	\$ 337	-
Federal	\$ 230,000	89,061	319,061	304,844	\$ (14,217)
Total Revenues	<u>230,000</u>	<u>89,398</u>	<u>319,398</u>	<u>305,181</u>	<u>(14,217)</u>
<b>EXPENDITURES</b>					
Instruction					
General Supplies		2,162	2,162	2,059	103
Textbooks	-	284	284	-	284
Total Instruction	<u>-</u>	<u>2,446</u>	<u>2,446</u>	<u>2,059</u>	<u>387</u>
Support Services					
Salaries		11,696	11,696	5,122	6,574
Other Salaries for Instruction	215,000	43,457	258,457	258,457	
Purchased Prof. and Technical Services		337	337	337	-
Purchased Professional/Educational Services	15,000	27,279	42,279	36,459	5,820
Supplies and Materials	-	4,183	4,183	2,747	1,436
Total Support Services	<u>230,000</u>	<u>86,952</u>	<u>316,952</u>	<u>303,122</u>	<u>13,830</u>
Total Expenditures	<u>230,000</u>	<u>89,398</u>	<u>319,398</u>	<u>305,181</u>	<u>14,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 21,299,439	\$ 305,181
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		(15,525)
Encumbrances, June 30, 2010		24,963
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(272,084)	
State Aid payment recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	<u>305,206</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 21,332,561</u>	<u>\$ 314,619</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 20,741,552	\$ 305,181
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2011		(15,525)
Encumbrances, June 30, 2010	<u>-</u>	<u>24,963</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,741,552</u>	<u>\$ 314,619</u>

**SPECIAL REVENUE FUND**

UPPER SADDLE RIVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	N.C.L.E.	I.D.E.I.A. Part B	ARRA	New Jersey Nonpublic	
Title II Part A	Basic	Preschool	Basic	Preschool	Nursing Services
Total Revenues	Total	Total	Total	Total	Total
REVENUES					
Intergovernmental					
State	\$ 24,380	\$ 12,634	\$ 16,400	\$ 590	\$ 337
Federal	250,840	-	-	-	-
Total Revenues	<u>275,220</u>	<u>12,634</u>	<u>16,400</u>	<u>590</u>	<u>337</u>
EXPENDITURES					
Instruction					
General Supplies	-	-	1,469	590	2,059
Textbooks	-	-	-	-	-
Total Instruction	<u>-</u>	<u>-</u>	<u>1,469</u>	<u>590</u>	<u>2,059</u>
Support Services					
Salaries	-	-	5,122	-	5,122
Other Salaries for Instruction	245,823	12,634	-	-	258,457
Purchased Prof. and Technical Services	-	-	-	-	337
Purchased Prof. Ed. Services	5,017	-	7,062	-	36,459
Supplies and Materials	-	-	2,747	-	2,747
Total Support Services	<u>250,840</u>	<u>12,634</u>	<u>14,931</u>	<u>337</u>	<u>303,122</u>
Total Expenditures	<u>250,840</u>	<u>12,634</u>	<u>16,400</u>	<u>590</u>	<u>305,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>24,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CAPITAL PROJECTS FUND**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Project Title/Description</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellation</u>	<u>Balance June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Lighting & Security System - Various School	\$ 350,732 *	\$ 350,683		\$ 49	
Various School Improvements- Cavalini MS	2,686,900	2,461,027	\$ 5,797	220,076	
Various School Improvements- Bogert ES	491,650	459,385	20,811	11,454	
Various School Improvements- Reynolds ES	<u>384,880</u>	<u>376,813</u>	<u>-</u>	<u>8,067</u>	<u>\$ -</u>
	<u>\$ 3,914,162</u>	<u>\$ 3,647,908</u>	<u>\$ 26,608</u>	<u>\$ 239,646</u>	<u>\$ -</u>

\* Modified to include interest earnings and premium on financing.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Revenues and Other Financing Sources**

Bond Proceeds	-
Total Revenues	-

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services	
Construction Services	\$ 26,608
Other Financing Uses	
Transfers Out - Debt Service	239,646

Total Expenditures and Other Financing Uses	266,254
---	---------

Excess (Deficit) of Revenues Over (Under) Expenditures	(266,254)
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Fund Balance, Beginning of Year	266,254
---------------------------------	---------

Fund Balance, End of Year	\$ -
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**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
LIGHTING AND SECURITY SYSTEM - VARIOUS SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Proceeds	\$ 348,137		\$ 348,137	\$ 355,000
Interest Earnings	2,595	-	2,595	-
	<u>350,732</u>	<u>-</u>	<u>350,732</u>	<u>355,000</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	61,772		61,772	61,772
Equipment Purchases	17,126		17,126	17,126
Construction Services	271,785	\$ 49	271,834	276,102
	<u>350,683</u>	<u>49</u>	<u>350,732</u>	<u>355,000</u>
<b>Total Expenditures</b>				
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 49</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 355,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 355,000

## Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	98.80%
Original Target Completion Date	Dec-05
Revised Target Completion Date	Jun-11

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOL IMPROVEMENTS - CAVALINI MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
Bond Proceeds	\$ 2,686,900	-	-	\$ 2,686,900	\$ 2,686,900
Total Revenues	<u>2,686,900</u>	<u>-</u>	<u>-</u>	<u>2,686,900</u>	<u>2,686,900</u>
<b>Expenditures and Other Financing Uses</b>					
Purchased Professional and Technical Services	\$ 354,711		\$ 113,189	467,900	467,900
Construction Services	<u>2,106,316</u>	<u>\$ 5,797</u>	<u>106,887</u>	<u>2,219,000</u>	<u>2,219,000</u>
Total Expenditures	<u>2,461,027</u>	<u>5,797</u>	<u>220,076</u>	<u>2,686,900</u>	<u>2,686,900</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ 225,873</u>	<u>\$ (5,797)</u>	<u>\$ (220,076)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>					
Project Number	5330-050-08-1000				
Grant Date	1/22/2009				
Bond Authorization Date	7/09				
Bonds Authorized	\$ 2,686,900				
Bonds Issued	\$ 2,686,900				
Original Authorized Cost	\$ 2,686,900				
Additional Authorized Cost	-				
Revised Authorized Cost	\$ 2,686,900				
Percentage Increase Over Original Authorized Cost	0.00%				
Percentage Completion	100.00%				
Original Target Completion Date	Dec-09				
Revised Target Completion Date	Jun-11				

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOL IMPROVEMENTS - BOGERT ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
Bond Proceeds	\$ 491,650	-	-	\$491,650	\$ 491,650
Total Revenues	<u>491,650</u>	<u>-</u>	<u>-</u>	<u>491,650</u>	<u>491,650</u>
<b>Expenditures and Other Financing Uses</b>					
Purchased Professional and Technical Services	71,252		\$ 11,454	82,706	90,150
Construction Services	<u>388,133</u>	<u>\$ 20,811</u>	<u>-</u>	<u>408,944</u>	<u>401,500</u>
Total Expenditures	<u>459,385</u>	<u>20,811</u>	<u>11,454</u>	<u>491,650</u>	<u>491,650</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>\$ 32,265</u>	<u>\$ (20,811)</u>	<u>\$ (11,454)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Additional Project Information:</b>					
Project Number	5350-060-08-1000				
Grant Date	1/22/2009				
Bond Authorization Date	7/09				
Bonds Authorized	\$ 491,650				
Bonds Issued	\$ 491,650				
Original Authorized Cost	\$ 491,650				
Additional Authorized Cost	-				
Revised Authorized Cost	\$ 491,650				
Percentage Increase Over Original Authorized Cost	0.00%				
Percentage Completion	100.00%				
Original Target Completion Date	Dec-09				
Revised Target Completion Date	Jun-11				

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOL IMPROVEMENTS - REYNOLDS ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 384,880	-	\$ 384,880	\$ 384,880
 Total Revenues	 384,880	 -	 384,880	 384,880
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	60,687	\$ 8,067	68,754	74,080
Construction Services	316,126	-	316,126	310,800
 Total Expenditures	 376,813	 8,067	 384,880	 384,880
 Excess (Deficit) of Revenues Over (Under) Expenditures	 \$ 8,067	 \$ (8,067)	 \$ -	 \$ -

## Additional Project Information:

Project Number	5350-070-08-1000
Grant Date	1/22/2009
Bond Authorization Date	7/09
 Bonds Authorized	 \$ 384,880
 Bonds Issued	 \$ 384,880
 Original Authorized Cost	 \$ 384,880
Additional Authorized Cost	-
Revised Authorized Cost	\$ 384,880
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	100.00%
Original Target Completion Date	Dec-09
Revised Target Completion Date	Dec-09

**ENTERPRISE FUND**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
COMBINING NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total Non-Major Enterprise Funds</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,907	\$ 40,583	\$ 44,490
Capital Assets			
Furniture, Machinery, and Equipment	4,650		4,650
Less: Accumulated Depreciation	<u>(207)</u>	<u>-</u>	<u>(207)</u>
Total Capital Assets	<u>4,443</u>	<u>-</u>	<u>4,443</u>
Total Assets	<u>8,350</u>	<u>40,583</u>	<u>48,933</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	<u>1,487</u>	<u>-</u>	<u>1,487</u>
Total Current Assets	<u>1,487</u>	<u>-</u>	<u>1,487</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	4,443		4,443
Unrestricted	<u>2,420</u>	<u>40,583</u>	<u>43,003</u>
Total Net Assets	<u>\$ 6,863</u>	<u>\$ 40,583</u>	<u>\$ 47,446</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
COMBINING NON-MAJOR SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total Non-Major Enterprise Funds</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales	\$ 12,973		\$ 12,973
Program Fees	-	\$ 53,737	53,737
	<u>12,973</u>	<u>53,737</u>	<u>66,710</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries	8,852	26,300	35,152
Cost of Sales	8,210		8,210
Other Purchase Services		14,977	14,977
Supplies and Materials		2,931	2,931
Depreciation Expense	207	-	207
	<u>17,269</u>	<u>44,208</u>	<u>61,477</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(4,296)</u>	<u>9,529</u>	<u>5,233</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Revenue	102	357	459
Loss on Disposal of Asset	(2,694)	-	(2,694)
	<u>(2,592)</u>	<u>357</u>	<u>(2,235)</u>
Total Nonoperating Revenues			
Change in Net Assets	(6,888)	9,886	2,998
Net Assets, Beginning of Year	<u>13,751</u>	<u>30,697</u>	<u>44,448</u>
Net Assets, End of Year	<u>\$ 6,863</u>	<u>\$ 40,583</u>	<u>\$ 47,446</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
COMBINING NON-MAJOR ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>LEAP Program</u>	<u>Total Non-Major Enterprise Funds</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 12,973	\$ 53,737	\$ 66,710
Cash Payments for Employees Salaries	(8,852)	(26,300)	(35,152)
Cash Payments to Suppliers for Goods and Services	(7,488)	(17,908)	(25,396)
Net Cash Provided by (Used for) Operating Activities	<u>(3,367)</u>	<u>9,529</u>	<u>6,162</u>
<b>Cash Flows from Investment Activities</b>			
Interest on Investments	<u>102</u>	<u>357</u>	<u>459</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>102</u>	<u>357</u>	<u>459</u>
<b>Cash Flows from Capital Financing Activities</b>			
Purchase of Capital Assets	<u>(4,650)</u>	<u>-</u>	<u>(4,650)</u>
Net Cash Provided by (Used for) Capital Financing Activities	<u>(4,650)</u>	<u>-</u>	<u>(4,650)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,915)	9,886	1,971
Cash and Cash Equivalents, Beginning of Year	<u>11,822</u>	<u>30,697</u>	<u>42,519</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,907</u>	<u>\$ 40,583</u>	<u>\$ 44,490</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	<u>\$ (4,296)</u>	<u>\$ 9,529</u>	<u>\$ 5,233</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities			
Change in Assets and Liabilities			
Depreciation	207		207
Increase/(Decrease) in Accounts Payable	<u>722</u>	<u>-</u>	<u>722</u>
Total Adjustments	<u>929</u>	<u>-</u>	<u>929</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,367)</u>	<u>\$ 9,529</u>	<u>\$ 6,162</u>

**FIDUCIARY FUNDS**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student</u>	<u>Agency</u>	<u>Total</u>
	<u>Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 77,117	\$ 513,460	\$ 590,577
Due from Other Funds	<u>70</u>	<u>-</u>	<u>70</u>
Total Assets	<u>\$ 77,187</u>	<u>\$ 513,460</u>	<u>\$ 590,647</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 50,674	\$ 50,674
Accrued Salaries and Wages		455,847	455,847
Other Liabilities		6,493	6,493
Due to Other Funds		446	446
Due to Student Groups	<u>\$ 77,187</u>	<u>-</u>	<u>77,187</u>
Total Liabilities	<u>\$ 77,187</u>	<u>\$ 513,460</u>	<u>\$ 590,647</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**UPPER SADDLE RIVER BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>School</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
Bogert	\$ 13,060	\$ 44,524	\$ 44,417	\$ 13,167
Reynolds	8,905	15,121	13,971	10,055
Cavallini	53,485	92,925	92,515	53,895
Due from Other Funds	-	20,706	20,636	70
Total	<u>\$ 75,450</u>	<u>\$ 173,276</u>	<u>\$ 171,539</u>	<u>\$ 77,187</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
<b><u>ASSETS</u></b>				
Cash	\$ 557,357	\$ 13,919,111	\$ 13,963,008	\$ 513,460
Totals	<u>\$ 557,357</u>	<u>\$ 13,919,111</u>	<u>\$ 13,963,008</u>	<u>\$ 513,460</u>
<b><u>LIABILITIES</u></b>				
Payroll Deductions and Withholdings	\$ 78,909	\$ 5,989,550	\$ 6,017,785	\$ 50,674
Accrued Salaries and Wages	471,662	7,906,537	7,922,352	455,847
Due to Other Funds	348	22,968	22,870	446
Other Liabilities	6,438	55	-	6,493
Totals	<u>\$ 557,357</u>	<u>\$ 13,919,110</u>	<u>\$ 13,963,007</u>	<u>\$ 513,460</u>

**LONG-TERM DEBT**

UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance, June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
Serial Bonds	7/15/2001	\$ 2,322,000	7/15/2011	\$ 125,000	4.750 %				
			7/15/2012	130,000	4.750				
			7/15/2013	135,000	4.750				
			7/15/2014	150,000	4.750				
			7/15/2015	160,000	4.750				
			7/15/2016	170,000	4.750				
			7/15/2017	175,000	4.750				
			7/15/2018	180,000	4.750				
			7/15/2019	177,000	4.750		\$ 1,522,000	\$ 120,000	\$ 1,402,000
Refunding Bonds	12/15/2004	6,480,000	12/15/2011	565,000	4.000				
			12/15/2012	585,000	4.000				
			12/15/2013	600,000	4.500				
			12/15/2014	615,000	4.600				
			12/15/2015	630,000	4.000				
			12/15/2016	645,000	3.750				
			12/15/2017	665,000	3.750				
			12/15/2018	680,000	3.875				
			12/15/2019	690,000	4.000		6,225,000	550,000	5,675,000



**UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cancellation</u>	<u>Balance, June 30, 2011</u>
2006- Copiers	Various	\$ 75,241	\$ 24,666			\$ 24,666	
2009- Copiers	Various	139,910	105,931		\$ 27,004		\$ 78,927
2010- Copiers	Various	80,575	74,642		14,788		59,854
2011- Copiers	Various	12,320	-	\$ 12,320	2,164	-	10,156
			<u>\$ 205,239</u>	<u>\$ 12,320</u>	<u>\$ 43,956</u>	<u>\$ 24,666</u>	<u>\$ 148,937</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 952,599		\$ 952,599	\$ 952,599	
State Sources					
Type II Debt Service Aid	415,494	-	415,494	415,494	-
Total Revenues	<u>1,368,093</u>	<u>-</u>	<u>1,368,093</u>	<u>1,368,093</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	899,080		899,080	899,080	
Interest	469,015	-	469,015	469,003	\$ 12
Total Expenditures	<u>1,368,095</u>	<u>-</u>	<u>1,368,095</u>	<u>1,368,083</u>	<u>12</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>10</u>	<u>12</u>
Other Financing Sources					
Transfer In	-	-	-	239,646	239,646
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,646</u>	<u>239,646</u>
Net Change in Fund Balance	(2)	-	(2)	239,656	239,658
Fund Balance, Beginning of Year	<u>5,903</u>	<u>-</u>	<u>5,903</u>	<u>5,903</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,901</u>	<u>\$ -</u>	<u>\$ 5,901</u>	<u>\$ 245,559</u>	<u>\$ 239,658</u>

UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Retirements</u>	<u>Balance, June 30, 2011</u>
N.J. Economic Development Authority: Safe School Fund	8/18/93	\$ 187,500	7/15/11-2013	\$ 9,869	1.500%	\$ 39,476	\$ 9,868	\$ 29,608
Small Projects Fund	8/18/93	562,500	7/15/11	38,198				
			7/15/12	39,893				
			7/15/13	41,674	5.288%	156,389	36,625	119,764
						<u>\$ 195,865</u>	<u>\$ 46,493</u>	<u>\$ 149,372</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

#### **Note:**

With respect to certain exhibits, GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2002/2003 only nine years of information are available. Each year thereafter an additional year's data will be included until ten years of data is present.

UPPER SADDLE RIVER BOARD OF EDUCATION  
 NET ASSETS BY COMPONENT  
 LAST NINE FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 400,987	\$ 1,518,618	\$ 2,976,343	\$ 3,185,721	\$ 3,684,903	\$ 3,916,045	\$ 4,595,911	\$ 4,749,158	\$ 5,134,321
Restricted	860,960	384,960	424,027	388,179	339,147	339,755	240,942	248,520	894,298
Unrestricted	187,841	1,044,398	796,074	709,754	539,766	486,551	458,871	1,100,250	1,236,119
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,449,788</b>	<b>\$ 2,947,976</b>	<b>\$ 4,196,444</b>	<b>\$ 4,283,654</b>	<b>\$ 4,563,816</b>	<b>\$ 4,742,351</b>	<b>\$ 5,295,724</b>	<b>\$ 6,097,928</b>	<b>\$ 7,264,738</b>
<b>Business-Type Activities</b>									
Invested In Capital Assets	\$ 7,599	\$ 4,596	\$ 4,279	\$ 3,962	\$ 3,645	\$ 3,328	\$ 3,011	\$ 2,694	\$ 4,443
Unrestricted	7,599	4,713	2,179	906	1,159	833	5,438	41,754	43,003
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 7,599</b>	<b>\$ 9,309</b>	<b>\$ 6,458</b>	<b>\$ 4,868</b>	<b>\$ 4,804</b>	<b>\$ 4,161</b>	<b>\$ 8,449</b>	<b>\$ 44,448</b>	<b>\$ 47,446</b>
<b>District-Wide</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 400,987	\$ 1,523,214	\$ 2,980,622	\$ 3,189,683	\$ 3,688,548	\$ 3,919,373	\$ 4,598,922	\$ 4,751,852	\$ 5,138,764
Restricted	860,960	384,960	424,027	388,179	339,147	339,755	240,942	248,520	894,298
Unrestricted	195,440	1,049,111	798,253	710,660	540,925	487,384	464,309	1,142,004	1,279,122
<b>Total District Net Assets</b>	<b>\$ 1,457,387</b>	<b>\$ 2,957,285</b>	<b>\$ 4,202,902</b>	<b>\$ 4,288,522</b>	<b>\$ 4,568,620</b>	<b>\$ 4,746,512</b>	<b>\$ 5,304,173</b>	<b>\$ 6,142,376</b>	<b>\$ 7,312,184</b>

UPPER SADDLE RIVER BOARD OF EDUCATION  
 CHANGES IN NET ASSETS  
 LAST NINE FISCAL YEARS  
 (Unaudited)  
 (acornal basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
Governmental Activities									
Instruction									
Regular	\$ 7,524,213	\$ 7,999,961	\$ 8,393,068	\$ 8,743,084	\$ 9,056,227	\$ 9,637,823	\$ 9,086,495	\$ 9,399,908	\$ 9,271,906
Special Education	2,239,044	2,289,859	1,910,282	2,309,344	3,151,899	3,388,312	3,413,326	3,628,533	3,409,545
Other Instruction	272,991	355,472	383,171	287,113	229,509	212,034	249,749	247,671	131,803
School Sponsored Activities And Athletics	77,431	69,218	80,472	98,836	93,854	110,284	107,340	112,202	124,692
Support Services:									
Tuition									
Student And Instruction Related Services	2,086,663	2,281,326	2,725,911	2,761,407	2,763,917	2,883,750	2,903,425	3,016,212	2,972,735
School Administrative Services	647,849	779,218	897,977	924,818	1,020,128	1,023,266	1,027,017	1,071,839	1,127,290
General Administration	540,276	540,427	531,320	576,709	614,799	692,752	614,368	562,959	553,877
Plant Operations And Maintenance	1,468,937	1,777,167	2,180,330	2,353,748	2,512,371	2,478,070	2,492,157	2,660,729	2,800,157
Pupil Transportation	516,646	398,506	413,581	448,280	479,721	551,772	588,412	545,657	462,360
Business And Other Support Services	267,725	308,932	335,036	344,079	392,728	408,931	438,273	481,288	490,719
Interest On Long-Term Debt	587,910	582,437	576,020	519,538	495,927	449,997	417,104	549,943	501,379
Total Governmental Activities Expenses	16,229,685	17,382,523	18,427,168	19,366,956	20,811,080	21,836,971	21,337,666	22,276,941	21,848,463
Business-Type Activities:									
Food Service	5,980	7,296	11,644	8,778	9,329	10,113	17,223	8,677	17,269
LEAP Program								48,840	44,208
Total Business-Type Activities Expense	5,980	7,296	11,644	8,778	9,329	10,113	17,223	57,517	61,477
Total District Expenses	\$ 16,235,665	\$ 17,389,819	\$ 18,438,812	\$ 19,375,734	\$ 20,820,409	\$ 21,847,084	\$ 21,354,889	\$ 22,334,458	\$ 21,909,940
<b>Program Revenues</b>									
Governmental Activities:									
Charges For Services:									
Regular Education					\$ 56,929	\$ 69,920	\$ 59,475	\$ 69,807	\$ 141,746
Special Education	\$ 238,800	\$ 173,400	\$ 192,682	\$ 187,661	55,856	43,985	14,013	3,346	2,640
Operating Grants And Contributions	1,832,624	2,130,850	2,165,005	2,373,338	2,962,612	3,017,293	2,404,328	2,884,663	1,911,075
Capital Grants And Contributions						37,384			
Total Governmental Activities Program Revenues	2,071,424	2,304,250	2,357,687	2,560,999	3,075,397	3,168,582	2,477,816	2,957,816	2,055,461
Business-Type Activities:									
Charges For Services:									
Food Service	3,474	3,732	3,685	2,884	2,926	3,020	13,980	13,879	12,973
LEAP Program								59,793	53,737
Operating Grants And Contributions	5,016	5,249	5,085	4,236	5,267	6,397	7,426		
Total Business Type Activities Program Revenues	8,490	8,981	8,770	7,120	8,193	9,417	21,406	73,672	66,710
Total District Program Revenues	\$ 2,079,914	\$ 2,313,231	\$ 2,366,457	\$ 2,568,119	\$ 3,083,590	\$ 3,177,999	\$ 2,499,222	\$ 3,031,488	\$ 2,122,171

UPPER SADDLE RIVER BOARD OF EDUCATION  
 CHANGES IN NET ASSETS  
 LAST NINE FISCAL YEARS  
 (Unaudited)  
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (14,158,261)	\$ (15,078,273)	\$ (16,069,481)	\$ (16,803,957)	\$ (17,735,683)	\$ (18,668,389)	\$ (18,859,850)	\$ (19,319,125)	\$ (19,793,002)
Business-Type Activities	2,310	1,685	(2,874)	(1,638)	(1,136)	(696)	4,183	16,155	5,233
<b>Total District-Wide Net Expense</b>	<b>\$ (14,155,951)</b>	<b>\$ (15,076,588)</b>	<b>\$ (16,072,355)</b>	<b>\$ (16,807,615)</b>	<b>\$ (17,736,819)</b>	<b>\$ (18,669,085)</b>	<b>\$ (18,855,667)</b>	<b>\$ (19,302,970)</b>	<b>\$ (19,787,769)</b>
<b>General Revenues And Other Changes In Net Assets</b>									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 13,560,520	\$ 14,852,673	\$ 15,451,400	\$ 15,633,399	\$ 16,723,037	\$ 17,560,199	\$ 18,262,609	\$ 18,670,605	\$ 19,378,221
Taxes Levied For Debt Service	781,229	793,306	786,832	736,241	737,134	755,836	752,059	1,078,388	952,599
Unrestricted Grants And Contributions	19,170	76,579	101,207	101,868	104,502	127,106	42,448		
Restricted Grants And Contributions	7,360								
State Aid Restricted For Debt Service	313,764	300,024	297,289	295,251	293,149	292,640	291,741	290,479	415,494
Donations Of Capital Assets		16,000	56,425						
Investment Earnings	35,182	17,979	30,033	91,699	155,911	98,659	29,130	24,375	23,168
Miscellaneous Income	85,768	317,664	43,861	34,711	2,112	12,484	35,236	57,482	190,330
<b>Total Governmental Activities</b>	<b>14,802,993</b>	<b>16,374,225</b>	<b>16,767,047</b>	<b>16,893,169</b>	<b>18,015,845</b>	<b>18,846,924</b>	<b>19,413,223</b>	<b>20,121,329</b>	<b>20,959,812</b>
Business-Type Activities:									
Miscellaneous Income	51	25	23	68	72	53	105	373	459
Investment Earnings									
Loss on Disposal of Asset									(2,694)
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,072</b>	<b>53</b>	<b>105</b>	<b>373</b>	<b>(2,235)</b>
<b>Total District-Wide</b>	<b>\$ 14,802,993</b>	<b>\$ 16,374,225</b>	<b>\$ 16,767,047</b>	<b>\$ 16,893,169</b>	<b>\$ 18,016,917</b>	<b>\$ 18,846,977</b>	<b>\$ 19,413,328</b>	<b>\$ 20,121,702</b>	<b>\$ 20,957,577</b>
<b>Change In Net Assets</b>									
Governmental Activities	\$ 444,732	\$ 1,295,952	\$ 697,566	\$ 87,212	\$ 280,162	\$ 178,535	\$ 553,373	\$ 802,204	\$ 1,166,810
Business-Type Activities	2,310	1,685	(2,874)	(1,638)	(64)	(643)	4,288	16,528	2,998
<b>Total District</b>	<b>\$ 447,242</b>	<b>\$ 1,297,637</b>	<b>\$ 694,692</b>	<b>\$ 85,554</b>	<b>\$ 280,098</b>	<b>\$ 177,892</b>	<b>\$ 557,661</b>	<b>\$ 818,732</b>	<b>\$ 1,169,808</b>

UPPER SADDLE RIVER BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST NINE FISCAL YEARS  
 (Unaudited)  
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 800,848	\$ 1,449,686	\$ 1,109,538	\$ 1,268,811	\$ 994,438	\$ 918,278	\$ 1,103,287	\$ 1,255,044	
Unreserved	792,803	514,429	716,190	398,926	417,472	441,122	460,211	684,482	\$ 1,780,231
Restricted									83,317
Committed									280,897
Assigned									398,410
Unassigned									
Total General Fund	\$ 1,593,651	\$ 1,964,115	\$ 1,825,728	\$ 1,667,737	\$ 1,411,910	\$ 1,359,400	\$ 1,563,498	\$ 1,939,526	\$ 2,542,855
All Other Governmental Funds									
Reserved	\$ 32,371	\$ 47,767	\$ 31,752	\$ 1,000	\$ 18,000	\$ 1,182	\$ 1,681,435	\$ 26,945	
Unreserved	75,023	79,547	129,573	133,955	95,780	102,190	(2,000,116)	245,212	\$ 245,559
Restricted									
Total All Other Governmental Funds	\$ 107,394	\$ 127,314	\$ 161,325	\$ 134,955	\$ 113,780	\$ 103,372	\$ (318,681)	\$ 272,157	\$ 245,559

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**UPPER SADDLE RIVER BOARD OF EDUCATION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Property Tax Levy	\$ 14,141,749	\$ 15,645,979	\$ 16,238,232	\$ 16,369,640	\$ 17,460,171	\$ 18,316,035	\$ 19,014,668	\$ 19,748,993	\$ 20,330,820
Tuition Charges	238,800	173,400	192,682	187,661	112,785	113,905	73,488	73,153	144,386
Interest Earnings	35,182	17,979	30,033	91,699	155,911	98,659	29,130	24,375	23,168
Miscellaneous	85,768	316,664	43,861	34,711	2,112	12,484	35,236	57,482	190,330
State Sources	1,984,752	2,271,098	2,296,869	2,476,696	3,098,164	3,158,517	2,445,501	2,654,958	2,012,287
Federal Sources	188,166	236,355	266,632	291,778	262,099	278,522	293,016	520,184	314,282
<b>Total Revenue</b>	<b>16,674,417</b>	<b>18,661,475</b>	<b>19,068,309</b>	<b>19,452,185</b>	<b>21,091,242</b>	<b>21,978,122</b>	<b>21,891,039</b>	<b>23,079,145</b>	<b>23,015,273</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular Instruction	7,302,631	7,786,420	8,343,710	8,651,138	9,035,154	9,471,914	9,109,569	9,397,296	9,179,194
Special Education Instruction	2,212,452	2,263,629	1,922,100	2,307,777	3,149,779	3,368,015	3,421,222	3,640,286	3,387,021
Other Instruction	345,258	347,196	383,212	285,918	229,509	212,034	249,749	247,671	131,803
School Sponsored Activities And Athletics		69,218	80,472	98,836	109,704	110,284	107,340	112,202	124,692
<b>Support Services:</b>									
Student And Inst. Related Services	2,075,302	2,234,708	2,725,019	2,742,425	2,748,195	2,869,296	2,897,483	2,991,137	2,971,734
General Administration	540,276	540,427	531,320	576,709	614,799	692,752	607,102	562,959	555,877
School Administrative Services	647,316	1,004,673	847,669	876,769	1,094,480	1,004,384	994,366	1,040,713	1,083,194
Plant Operations And Maintenance	1,466,116	1,775,249	1,794,361	2,014,443	2,163,889	2,122,342	2,114,466	2,171,496	2,334,303
Pupil Transportation	512,666	396,516	413,581	448,280	479,721	551,772	588,412	545,657	462,360
Business And Other Support Services	267,517	308,547	334,651	344,375	392,758	408,517	438,332	467,745	489,713
Capital Outlay	558,122	807,179	506,486	99,578	373,711	62,674	605,117	3,064,992	309,920
<b>Debt Service:</b>									
Principal	690,767	507,475	770,323	784,172	610,943	747,757	698,237	913,518	943,036
Bond Issuance Costs			78,788					93,909	
Advance Refunding Escrow			591,629						
Interest And Other Charges	663,886	585,854	562,757	486,064	440,843	419,299	386,265	506,703	478,015
<b>Total Expenditures</b>	<b>17,282,309</b>	<b>18,627,091</b>	<b>19,886,078</b>	<b>19,716,484</b>	<b>21,443,485</b>	<b>22,041,040</b>	<b>22,217,660</b>	<b>25,756,284</b>	<b>22,450,862</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(607,892)	34,384	(817,769)	(264,299)	(352,243)	(62,918)	(326,621)	(2,677,139)	564,411
<b>Other Financing Sources (Uses)</b>									
Original Issue Premium			144,993						
Capital Leases (Non-Budgeted)		355,000	38,400	79,938	75,241	-	108,666	80,575	12,320
Premium On Capital Lease		1,000							
Bond Proceeds								3,563,430	
Proceeds From Refunding			6,480,000						
Payments To Escrow Agent			(5,950,000)						
Transfers In	11,987							7,653	239,646
Transfers Out	(11,987)							(7,653)	(239,646)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>356,000</b>	<b>713,393</b>	<b>79,938</b>	<b>75,241</b>	<b>-</b>	<b>108,666</b>	<b>3,644,005</b>	<b>12,320</b>
<b>Net Change In Fund Balances</b>	<b>\$ (607,892)</b>	<b>\$ 390,384</b>	<b>\$ (104,376)</b>	<b>\$ (184,361)</b>	<b>\$ (277,002)</b>	<b>\$ (62,918)</b>	<b>\$ (217,955)</b>	<b>\$ 966,866</b>	<b>\$ 576,731</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>8.10%</b>	<b>6.14%</b>	<b>6.88%</b>	<b>6.48%</b>	<b>4.99%</b>	<b>5.31%</b>	<b>5.02%</b>	<b>6.26%</b>	<b>6.42%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

<b>Fiscal Year Ended June 30</b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Health Benefits Rebate</u></b>	<b><u>Interlocal Payroll Service</u></b>	<b><u>Energy Rebate</u></b>	<b><u>Rental</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
2002	\$ 168,550	\$ 41,789				\$ 1,176	\$ 29,624	\$ 241,139
2003	238,800	34,213	\$ 21,881			3,700	60,187	358,781
2004	173,400	17,328	10,065			4,260	302,339	507,392
2005	192,682	29,897					19,791	242,370
2006	187,661	91,498				3,770	30,941	313,870
2007	112,785	155,583				1,840	272	270,480
2008	113,905	98,429				1,730	10,754	224,818
2009	73,488	29,081					35,236	137,805
2010	73,153	24,375		\$ 22,000			35,482	155,010
2011	144,386	23,168			\$ 144,663		45,667	357,884

UPPER SADDLE RIVER BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2002	\$ 24,862,800	\$ 1,690,812,800		\$ 4,600	\$ 193,801,000	\$ 6,217,700	\$ 14,653,900	\$ 1,930,332,800	\$ 1,810,700	\$ 1,932,143,500	\$ 1,982,144,900	\$ 0.703
2003	21,277,700	1,727,908,700			196,801,000	6,217,700	25,410,000	1,977,615,100	1,873,198	1,979,488,298	1,985,643,793	0.752
2004	21,871,100	1,761,993,400			194,357,200	6,217,700	26,950,000	2,011,389,400	1,687,948	2,013,077,348	2,157,407,939	0.792
2005	25,957,700	1,787,710,600			200,068,200	6,217,700	26,950,000	2,046,904,200	1,524,929	2,048,429,129	2,385,778,160	0.796
2006	22,899,600	1,837,003,300			205,007,100	6,217,700	26,745,400	2,097,873,100	1,293,223	2,099,166,323	2,649,164,162	0.806
2007	17,674,000	1,891,001,200			192,842,800	6,217,700	18,551,000	2,126,286,700	1,559,008	2,127,845,708	2,988,054,255	0.841
2008	18,827,700	1,935,156,800			195,207,300	6,217,700	18,551,000	2,173,960,500	1,599,169	2,175,559,669	3,155,404,809	0.858
2009	16,559,700	1,959,049,800			194,907,300	6,217,700	18,551,000	2,195,283,500	1,801,944	2,197,087,444	3,208,779,034	0.882
2010	16,017,500	1,969,127,300			180,407,600	6,217,700	18,551,000	2,190,321,100	1,890,346	2,192,211,446	3,081,471,003	0.914
2011	16,079,800	1,975,814,000			174,353,200	6,217,000	18,551,000	2,191,015,000	1,972,027	2,191,015,700	2,954,810,904	0.931

Source: County Abstract of Rates

<sup>a</sup> Tax rates are per \$100

N/A - Not Available

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

Calendar Year	<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	Local School	Regional High School	Municipality	County	
2002	\$ 0.703	\$ 0.375	\$ 0.217	\$ 0.225	\$ 1.520
2003	0.752	0.413	0.230	0.215	1.610
2004	0.792	0.454	0.250	0.224	1.720
2005	0.796	0.473	0.270	0.231	1.770
2006	0.806	0.484	0.316	0.224	1.830
2007	0.841	0.497	0.331	0.251	1.920
2008	0.858	0.495	0.344	0.268	1.965
2009	0.882	0.497	0.351	0.281	2.011
2010	0.914	0.505	0.362	0.276	2.057
2011	0.931	0.536	0.370	0.280	2.117

Source: Abstract of Ratables, County Board of Taxation

**UPPER SADDLE RIVER BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 50,765,700	2.32%
Mountainview Realty, LLC	16,000,000	0.73%
Upper Saddle River Developers, LLC	10,600,600	0.48%
Pentek Management Corp.	8,600,000	0.39%
Whitney Associates	8,353,800	0.38%
USR Developers, LLC %Pinnacle	7,950,400	0.36%
Upper Saddle River Project LLC	6,571,000	0.30%
Porven Real Estate, Inc	6,421,500	0.29%
Birdie Investments, LLC	5,580,300	0.25%
2 Park Way Assoc., LLC	5,273,200	0.24%
	<b>\$ 126,116,500</b>	<b>5.76%</b>

	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 65,000,000	3.36%
Mountainview Realty, LLC	26,159,000	1.35%
Pentek Management Corp.	12,000,000	0.62%
Whitney Associates	8,353,800	0.43%
USR Developers, LLC % Pinnacle	8,150,600	0.42%
Clinton D. Carlough Properties, LP	6,483,300	0.34%
2 Parkway Assoc., LLC	5,883,100	0.30%
Rag Realty, LLC	5,648,200	0.29%
Orchard Hill Estates, LLC	3,948,000	0.20%
Marron & Company, LLC	3,650,000	0.19%
Aris Diodan Assoc	3,632,600	0.19%
	<b>\$ 148,908,600</b>	<b>7.71%</b>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 13,284,922	\$ 13,284,922	100.00%	N/A
2003	14,141,749	14,141,749	100.00%	N/A
2004	15,645,979	15,645,979	100.00%	N/A
2005	16,238,232	16,238,232	100.00%	N/A
2006	16,369,640	16,369,640	100.00%	N/A
2007	17,460,171	17,460,171	100.00%	N/A
2008	18,316,035	18,316,035	100.00%	N/A
2009	19,014,668	19,014,668	100.00%	N/A
2010	19,748,993	19,748,993	100.00%	N/A
2011	20,330,820	20,330,816	100.00%	N/A

Source: Board's financial statements

**UPPER SADDLE RIVER BOARD OF EDUCATION**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total School District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans			
2003	\$ 11,152,000	\$ 450,087	\$ 483,384	\$ 12,085,471	8,176	\$ 1,478
2004	10,682,000	579,277	445,909	11,707,186	8,263	1,417
2005	10,727,000	370,921	407,342	11,505,263	8,392	1,371
2006	10,182,000	251,387	367,642	10,801,029	8,386	1,288
2007	9,612,000	208,152	326,699	10,146,851	8,428	1,204
2008	9,017,000	97,630	284,464	9,399,094	8,454	1,112
2009	8,397,000	171,663	240,860	8,809,523	8,412	1,047
2010	11,138,906	205,239	195,865	11,540,010	8,480	1,361
2011	10,286,319	148,937	149,372	10,584,628	8,480 (Est.)	1,248

**UPPER SADDLE RIVER BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST NINE FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Intergovernmental Loan	Deductions			
2003	\$ 11,152,000	\$ 483,384		\$ 11,635,384	0.54%	\$ 1,412
2004	10,682,000	445,909		11,127,909	0.55%	1,333
2005	10,727,000	407,342		11,134,342	0.54%	1,309
2006	10,182,000	367,642		10,549,642	0.50%	1,240
2007	9,612,000	326,699		9,938,699	0.47%	1,165
2008	9,017,000	284,464		9,301,464	0.43%	1,090
2009	8,397,000	240,860		8,637,860	0.43%	1,027
2010	11,138,906	195,865		11,334,771	0.52%	1,337
2011	10,286,319	149,372		10,435,691	0.48%	1,230

**UPPER SADDLE RIVER BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2010  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Upper Saddle River Board of Education	\$ 10,435,691	\$ 10,435,691	
Northern Highlands Regional High School - Upper Saddle River's Share	7,601,795	7,601,795	
Borough of Upper Saddle River (1)	<u>14,290,536</u>	<u>1,823,021</u>	<u>\$ 12,467,515</u>
	<u>\$ 32,328,022</u>	<u>\$ 19,860,507</u>	12,467,515
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (2)			<u>11,664,275</u>
 Total Direct and Overlapping Debt			 <u>\$ 24,131,790</u>

## Source:

- (1) Borough of Upper Saddle River's 2010 Annual Debt Statement  
(2) Bergen County's 2010 Annual Debt Statement

UPPER SADDLE RIVER BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 46,962,073	\$ 52,214,907	\$ 57,883,315	\$ 63,983,771	\$ 70,468,430	\$ 78,676,965	\$ 86,030,642	\$ 91,873,015	\$ 93,268,306	\$ 91,944,079
Total net debt applicable to limit	12,131,795	11,635,384	11,127,909	11,134,342	10,549,642	9,938,699	9,301,464	12,201,290	11,334,771	10,435,691
Legal debt margin	\$ 34,830,278	\$ 40,579,523	\$ 46,755,406	\$ 52,849,429	\$ 59,918,788	\$ 68,738,266	\$ 76,729,178	\$ 79,671,725	\$ 81,933,735	\$ 81,508,388
Total net debt applicable to the limit as a percentage of debt limit	25.83%	22.28%	19.22%	17.40%	14.97%	12.63%	10.81%	13.28%	12.15%	11.35%

Legal Debt Margin Calculation

Source: Municipal Annual Debt Statements

Equalized Valuation Basis	
2010	\$ 2,945,563,609
2009	3,079,805,696
2008	3,169,038,630
	<u>\$ 9,194,407,935</u>
Average equalized valuation of taxable property	
	\$ 3,064,802,645
Debt limit (3 % of average equalization value)	
	91,944,079
Total Net Debt Applicable to Limit	
	<u>10,435,691</u>
Legal debt margin	
	<u>\$ 81,508,388</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	8,052	\$ 51,521	3.10%
2003	8,176	50,682	3.00%
2004	8,263	54,095	2.50%
2005	8,392	56,435	4.10%
2006	8,386	61,264	4.30%
2007	8,428	67,125	3.90%
2008	8,454	68,541	5.00%
2009	8,480	64,388	9.00%
2010	8,480	N/A	9.20%
2011	8,480 (Est.)	N/A	N/A

Source: New Jersey State Department of Education

UPPER SADDLE RIVER BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Employer	2011		2002	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Pearson Education				
PDI, Inc.				
Upper Saddle River Board of Education				
Hunes Home				
Hunter Douglas				
Campmor, Inc.				
MinWax				
Borough of Upper Saddle River				
Federal Marketing Corp.				
True Green - Chem Lawn				
	-		-	
	-	-	-	-

INFORMATION NOT AVAILABLE

N/A = Not Available

UPPER SADDLE RIVER BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	83	89	86	89	91	92	91	92	90	88
Special Education	32	37	39	41	41	43	43	44	44	44
Other Special Education	5	3	4	4	3	3	2	4	4	4
Support Services:										
Student & Instruction Related Services	22	27	25	26	24	21	21	23	22	29
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	8	8	8	8	9	9	9	9	9	9
Other Administrative Services	4	4	4	4	4	4	4	4	4	4
Central Services										
Plant Operations And Maintenance	18	19	20	20	18	19	19	19	19	18
<b>Total</b>	<b>174</b>	<b>189</b>	<b>188</b>	<b>194</b>	<b>192</b>	<b>193</b>	<b>191</b>	<b>197</b>	<b>194</b>	<b>198</b>

Source: District Personnel Records

N/A = Not Available

UPPER SADDLE RIVER BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2002	1,306	\$ 13,912,411	\$ 10,653	3.62%	120	19.6/1	23.5/1	1,298	1,238	3.26%	95.38%
2003	1,339	15,091,141	11,105	4.24%	129	20.6/1	22.7/1	1,359	1,304	4.70%	95.95%
2004	1,358	16,460,466	12,121	9.15%	129	20.3/1	24.5/1	1,365	1,308	0.44%	95.82%
2005	1,398	17,091,854	12,226	0.86%	134	20.4/1	25.3/1	1,409	1,345	3.22%	95.46%
2006	1,371	18,046,037	13,165	7.66%	135	19/1	25/1	1,371	1,318	-2.70%	96.13%
2007	1,354	19,753,901	14,589	10.84%	138	19/1	24/1	1,348	1,295	-1.68%	96.07%
2008	1,384	20,811,310	15,037	3.07%	140	19.8/1	24.9/1	1,379	1,321	2.30%	95.79%
2009	1,384	20,528,041	14,832	-1.36%	140	19/1	25/1	1,383	1,330	0.29%	96.17%
2010	1,391	21,177,162	15,224	2.64%	138	19/1	24.6/1	1,386	1,333	0.22%	96.18%
2011	1,374	20,719,891	15,080	-0.95%	136	20/1	25/1	1,379	1,334	-0.51%	96.74%

Sources: District records

- Note: a Enrollment based on annual October district count.  
 b Operating expenditures equal total expenditures less debt service and capital outlay.  
 c Cost per pupil represents operating expenditures divided by enrollment.

UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary</u>										
Robert Reynolds Elementary (1960)	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503
Square Feet	421	421	421	421	421	421	421	421	421	421
Capacity (students)	446	479	457	484	443	436	436	447	461	461
Enrollment										
Edith Bogert Elementary (1950)	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221
Square Feet	429	429	429	429	429	429	429	429	429	429
Capacity (students)	437	449	459	458	458	448	448	449	462	462
Enrollment										
<u>Middle School</u>										
Middle School	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704
Square Feet	452	452	452	452	452	452	452	452	452	452
Capacity (students)	423	431	442	456	443	463	463	475	468	468
Enrollment										
<u>Other</u>										
Administration Building	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
Square Feet										
Science Center	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Square Feet										

Number of Schools at June 30, 2011  
 Elementary = 2  
 Middle School = 1  
 Other = 1

Source: District Office

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

UPPER SADDLE RIVER BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN YEARS  
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>School Facilities</b>										
Cavallini School	\$ 111,290	\$ 62,209	\$ 122,832	\$ 137,768	\$ 116,279	\$ 157,968	\$ 109,155	\$ 125,318	\$ 127,810	\$ 153,307
Bogert School	94,530	63,735	92,426	69,927	119,791	162,740	119,015	112,224	99,361	169,777
Reynolds School	45,855	53,333	76,270	64,970	121,723	165,364	130,963	129,144	107,860	167,823
Administration	-	23,031	37,128	14,313	11,065	15,032	21,654	16,601	26,273	18,490
<b>Grand Total</b>	<b>\$ 251,675</b>	<b>\$ 202,308</b>	<b>\$ 328,656</b>	<b>\$ 286,978</b>	<b>\$ 368,858</b>	<b>\$ 501,104</b>	<b>\$ 380,787</b>	<b>\$ 383,287</b>	<b>\$ 361,304</b>	<b>\$ 509,397</b>

Source: District Records

**UPPER SADDLE RIVER BOARD OF EDUCATION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2011**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Zurich Group		
Property Blanket Building & Contents	\$44,902,319	\$5,000
Comprehensive General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability	1,000,000	
Medical expense	5,000	
Commercial Automobile Policy - Zurich Group	1,000,000	1,000 (Comp/Collision)
Excess Liability Policy - American Alternative Ins. Co.	9,000,000	
Excess Liability Policy - Firemen's Fund	50,000,000	
	(Shared limit among all Boards)	
Boiler & Machinery - Zurich	44,902,319	5,000
Public Official Bond - Bus. Admin	50,000	
Public Official Bond - Treasurer of School Monies	250,000	
Environmental Impairment Liability	20,000,000	
	(Group Aggregate)	
\$3 Million Each Impairment per named insured w/\$15,000 deductible		
School Board Legal Liability	1,000,000	5,000
Employment Related Practices Liability	1,000,000	10,000
Employee Dishonesty	100,000 per employee 400,000 per loss	5,000 100,000
Forgery & Alteration	50,000	1,000
Workers' Compensation		
Each Accident	1,000,000	
Each Employee (Disease)	1,000,000	
Policy Limit (Disease)	1,000,000	
Employers Liability Retained Limit	350,000	

Source: School Insurance Records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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EDWARD N. KERE, CPA

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

Honorable President and Members  
of the Board of Trustees  
Upper Saddle River Board of Education  
Upper Saddle River, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Upper Saddle River Board of Education's basic financial statements and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Upper Saddle River Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Upper Saddle River Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control over financial reporting.

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 Upper Saddle River Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

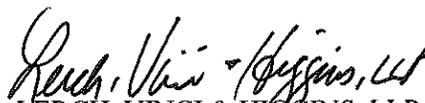
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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

We noted certain matters that we have reported to management of the Upper Saddle River Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 3, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
October 3, 2011

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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EDWARD N. KERE, CPA

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

### Independent Auditor's Report

Honorable President and Members  
of the Board of Trustees  
Upper Saddle River Board of Education  
Upper Saddle River, New Jersey

### Compliance

We have audited the Upper Saddle River Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Upper Saddle River Board of Education's major state programs for the fiscal year ended June 30, 2011. Upper Saddle River Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Upper Saddle River Board of Education's management. Our responsibility is to express an opinion on Upper Saddle River Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Upper Saddle River Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Saddle River Board of Education's compliance with those requirements.

In our opinion, Upper Saddle River Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

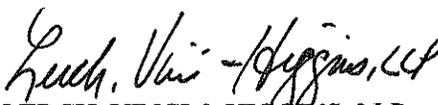
### Internal Control Over Compliance

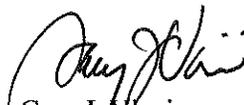
Management of Upper Saddle River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Upper Saddle River Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a 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 state program will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

  
 Gary J. Vinci  
 Public School Accountant  
 PSA Number CS00829

Fair Lawn, New Jersey  
 October 3, 2011

UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2011		
										(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education												
Passed-Through State Department												
of Education												
Special Revenue Fund												
N.C.L.B. Title II	84.367A	NCLB533011	9/1/10-8/31/11	\$ 24,855			\$ 9,700	\$ 24,380	\$ (15,155)	\$ 475		
N.C.L.B. Title II	84.367A	NCLB533010	9/1/09-8/31/10	25,601	(9,421)		9,600		(179)			
N.C.L.B. Title IV	84.281	NCLB533010	9/1/09-8/31/10	2,447	(1,947)		1,943		4			
N.C.L.B. Title IV, Carryover	84.281	NCLB533009	9/1/08-8/31/09	2,049								
ARRA Basic	84.391	NA	9/1/09-8/31/11	278,803	(132,653)		120,620	16,400	(32,389)	3,956		
ARRA Preschool	84.392	NA	9/1/09-8/31/11	10,093			10,035	590	(58)	9,503		
I.D.E.I.A Part B, Basic	84.027A	IDEA533011	9/1/10-8/31/11	250,840			201,779	250,840	(49,061)			
I.D.E.I.A Part B, Basic	84.027A	IDEA533010	9/1/09-8/31/10	246,456	(47,559)		47,559					
I.D.E.I.A. Part B, Preschool	84.173A	IDEA533011	9/1/10-8/31/11	12,634			10,101	12,634	(2,533)			
I.D.E.I.A. Part B, Preschool	84.173A	IDEA533010	9/1/09-8/31/10	12,196	(2,228)		2,388		(60)			
Total Federal Awards				\$ (193,908)	\$ -	\$ -	\$ 413,725	\$ 304,844	\$ (23.5)	\$ (99,196)	\$ 13,934	\$ -

This schedule was not subject to Single Audit in accordance with OMB Circular A-133.

UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance, June 30, 2011		Cumulative Total Expenditures
										(Accounts Receivable)	Deferred Revenue	
												MEMO
General Fund												
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	\$ 469,753	\$ (26,617)		\$	\$ 26,617					*
Transportation Aid	10-495-024-5120-014	7/1/09-6/30/10	110,579	(6,266)			6,266					*
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	66,937	(3,792)			3,792					*
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	272,084					\$ 272,084				\$ 272,084
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	268,531	(268,531)			268,531					*
Non Public Transportation Reimb.	N/A	7/1/10-6/30/11	9,461					9,461				\$ (9,461)
Non Public Transportation Reimb.	N/A	7/1/09-6/30/10	8,034	(8,034)			8,034					*
T.P.A.F. Pension Contributions - Post Retirement	11-495-034-5095-001	7/1/10-6/30/11	593,367				593,367					593,367
T.P.A.F. Pension Contributions-NCGI	11-495-034-5095-007	7/1/10-6/30/11	27,936				27,936					27,936
Reimbursement T.P.A.F. Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	660,486				628,036					(32,450)
Total General Fund				(313,240)			1,562,579	1,563,334			(313,995)	(41,911)
Special Revenue Fund												
New Jersey Nonpublic Aid												
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	284				284					284
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	716		\$ 70							70
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	337				337					337
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	849		8			\$ 8				*
Chapter 192/193 Exam & Class	11-100-034-5120-066	7/1/10-6/30/11	1,565				1,565					1,565
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	1,793		1,793				1,793			*
Total Special Revenue Fund					1,871		2,186	337	1,801			1,919
Debt Service Fund												
Type II Debt Service Aid	11-495-034-5120-017	7/1/09-6/30/10	415,494				415,494					415,494
Total Debt Service Fund							415,494	415,494				\$ 415,494
State Financial Assistance												
Not Subject to Single Audit Determination												
T.P.A.F. Pension Contributions - Post Retirement	11-495-034-5095-001	7/1/09-6/30/10	593,367				(593,367)					\$ (593,367)
T.P.A.F. Pension Contributions-NCGI	11-495-034-5095-007	7/1/09-6/30/10	27,936				(27,936)					(27,936)
Total All Funds				(313,240)	1,871		1,358,956	1,357,862	1,801	(313,995)		(41,911)
												\$ 1,357,862

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$33,122 for the general fund and an increase of \$9,438 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,596,456	\$ 1,596,456
Special Revenue Fund	\$ 314,282	337	314,619
Debt Service Fund	<u>-</u>	<u>415,494</u>	<u>415,494</u>
Total Financial Assistance	<u>\$ 314,282</u>	<u>\$ 2,012,287</u>	<u>\$ 2,326,569</u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The District's federal and state loans outstanding at June 30, 2011, which are not required to be reported on the schedule of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
Safe Schools Fund	\$ 29,608
Small Projects Fund	<u>119,764</u>
	<u>\$ 149,372</u>

**NOTE 6 OTHER INFORMATION**

TPAF Social Security contributions in the amount of \$660,486 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, 2011. The amount reported as TPAF Pension NCGI Premiums in the amount of \$27,936 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$593,367 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

**NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses?            yes   X   none reported

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

**Federal Awards Section**      Not Applicable

**UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

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

Auditee qualified as low-risk auditee?  X  yes   no

Type of auditors' report on compliance for major programs: Unqualified

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?   yes  X  no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>11-495-034-5095-002</u>	<u>TPAF Social Security</u>
<u>11-495-034-5120-125</u>	<u>Debt Service Aid</u>
<u> </u>	<u> </u>

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.